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CD PROJEKT

CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENT OF THE CD PROJEKT
GROUP FOR THE PERIOD BETWEEN
1 JULY AND 30 SEPTEMBER 2021

Disclaimer

This English language translation has been prepared solely for the convenience of English-speaking readers. Despite all the efforts devoted to this translation, certain discrepancies, omissions or approximations may exist. In case of any differences between the Polish and the English versions, the Polish version shall prevail. CD PROJEKT, its representatives and employees decline all responsibility in this regard.

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

	PLN		EUR	
	01.01.2021 - 30.09.2021	01.01.2020 - 30.09.2020	01.01.2021 - 30.09.2021	01.01.2020 - 30.09.2020
Revenues from sales of products, services, goods and materials	615 109	468 528	134 937	105 477
Cost of products, services, goods and materials sold	215 123	144 184	47 192	32 459
Operating profit (loss)	138 250	184 301	30 328	41 491
Profit (loss) before tax	132 267	188 641	29 015	42 468
Net profit (loss) attributable to equity holders of parent entity	121 390	170 139	26 629	38 302
Net cash flows from operating activities	966 291	424 964	211 976	95 670
Net cash flows from investment activities	(334 339)	(182 932)	(73 344)	(41 183)
Net cash flows from financial activities	(504 606)	(90 666)	(110 696)	(20 411)
Total net cash flows	127 346	151 366	27 936	34 076
Stock volume (thousands)	100 711	96 120	100 711	96 120
Net earnings per share (PLN/EUR)	1.21	1.77	0.26	0.40
Diluted net earnings per share (PLN/EUR)	1.20	1.69	0.26	0.38
Book value per share (PLN/EUR)	18.21	11.25	3.93	2.49
Diluted book value per share (PLN/EUR)	18.20	10.76	3.93	2.38
Declared or paid out dividend per share (PLN/EUR)	5	-	1.10	-

	PLN		EUR	
	30.09.2021	31.12.2020*	30.09.2021	31.12.2020*
Total assets	2 148 080	2 890 299	463 658	626 311
Liabilities and provisions for liabilities (less accrued charges)	271 450	658 401	58 592	142 672
Long-term liabilities	20 771	166 153	4 483	36 004
Short-term liabilities	293 787	540 969	63 413	117 225
Equity	1 833 522	2 183 177	395 761	473 082
Share capital	100 739	100 655	21 744	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: 4.5585 PLN/EUR for the period between 1 January and 30 September 2021, and 4.4420 PLN/EUR for the period between 1 January and 30 September 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: 4.6329 PLN/EUR on 30 September 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	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
Sales revenues		144 463	615 109	104 518	468 528
Revenues from sales of products	16	104 262	471 248	61 902	299 566
Revenues from sales of services	16	420	4 132	467	1 241
Revenues from sales of goods and materials	16	39 781	139 729	42 149	167 721
Cost of products, services, goods and materials sold		52 927	215 123	36 428	144 184
Cost of products and services sold	17	23 217	111 126	6 620	21 947
Cost of goods and materials sold	17	29 710	103 997	29 808	122 237
Gross profit (loss) from sales		91 536	399 986	68 090	324 344
Selling costs	17	55 322	186 505	31 198	103 347
General and administrative costs	17	23 231	77 418	8 597	34 447
Other operating revenues	18	4 915	8 768	1 909	5 925
Other operating expenses	18	2 261	6 575	1 689	8 101
(Impairment)/reversal of impairment of financial instruments		(5)	(6)	2	(73)
Operating profit (loss)		15 632	138 250	28 517	184 301
Financial revenues	19	9 984	12 387	3 323	12 853
Financial expenses	19	9 216	18 370	4 085	8 513
Profit (loss) before tax		16 400	132 267	27 755	188 641
Income tax	10	58	10 877	4 373	18 502
Net profit (loss)		16 342	121 390	23 382	170 139
Net profit (loss) attributable to equity holders of parent entity		16 342	121 390	23 382	170 139
Net earnings per share (in PLN)					
Basic for the reporting period		0.16	1.21	0.24	1.77
Diluted for the reporting period		0.16	1.20	0.23	1.69

The Group's **Sales revenues** for the third quarter of 2021 amounted to 144 463 thousand PLN, which is 39 945 thousand PLN more than in the third quarter of 2020 (38.2% increase).

The most significant contribution to CD PROJEKT Group's revenues during the reporting period came from **Revenues from sales of products**, at 104 262 thousand PLN (68.4% increase), mostly comprising:

- licensing royalties associated with distribution of Cyberpunk 2077, released on 10 December 2020;
- licensing royalties associated with continuing sales of The Witcher 3: Wild Hunt, along with its expansions – Hearts of Stone and Blood and Wine – sold separately and as the Game of the Year Edition bundle;
- licensing royalties from digital distribution platforms generated by GWENT: The Witcher Card Game, Thronebreaker: The Witcher Tales, The Witcher 2 and The Witcher;
- licensing royalties generated by CD PROJEKT RED franchises.

An important contribution came from **Revenues from sales of goods and materials**, at 39 781 thousand PLN in Q3 2021 (5.6% decrease compared to the reference period). The largest contribution to this revenue category is the digital distribution of games sourced from external suppliers directly to end customers via the GOG.COM platform (5.5% increase compared to the reference period). In addition, this category also includes CD PROJEKT S.A. revenues from sales of elements of box sets of the Studio's own videogames (including carrier media, boxes, etc.) which CD PROJEKT sells to its distributors, as well as revenues from sales of tie-in merchandise carried out by the CD PROJEKT RED GEAR storefront.

The **Cost of products and services sold** in Q3 2021 was reported at 23 217 thousand PLN, which is 16 597 thousand PLN (250.7%) more than in the third quarter of 2020. This line item represents depreciation of development projects at CD PROJEKT S.A. and GOG sp. z o.o. – mainly games developed by CD PROJEKT RED. The reported increase is mainly due to ongoing depreciation of Cyberpunk 2077 development expenses following the game's release in Q4 2020.

In line with the accounting policies in force at the Group expenditures on development projects for which a reliable estimate of the quantity and volume of sales budgets can be provided, are depreciated in proportion to the projected consumption of economic benefits, which depends on the number of copies sold.

For other projects, the Group recognizes depreciation using the straight-line method. For projects whose development costs were subject to depreciation in the third quarter of 2021 the following rules apply:

- 40% of Cyberpunk 2077 development expenditures was recognized as costs in 2020, in the release quarter, 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). Accordingly, Q3 2021 marks the last quarterly period during which depreciation of the original development expenses related to that game is carried out;
- 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 29 710 thousand PLN (0.3% decrease) corresponds mainly to the cost of goods distributed via the GOG.COM platform. In the CD PROJEKT RED segment, contribution to this line item come from sales of physical videogame components and merchandise marketed directly to customers via the gear.cdprojektred.com storefront.

Regarding operating expenses in the third quarter of 2021 the largest contribution came from **Selling costs**, at 53 322 thousand PLN, which increased by 24 124 thousand PLN compared to the reference period (77.3%).

This figure comprises mainly costs related to maintenance and upkeep of past releases, at 23 387 thousand PLN. In addition to ongoing maintenance of GWENT: The Witcher Card Game, the CD PROJEKT RED segment reported costs related to support of Cyberpunk 2077 and the associated strong commitment of the game's dev team – these costs had no counterpart in the reference period.

Another large contribution to this cost category came from publishing, advertising and promotional activities carried out in the CD PROJEKT RED segment with regard to the Studio's own releases. This includes remuneration (fixed and dependent on results) of the Studio's internal publishing departments, as well as the cost of bought-in services related to sales support.

In the GOG.COM segment selling costs are generated mainly by marketing activities related to the GOG.COM platform, and by work on further development and support for sales carried out on this platform.

General and administrative costs at the CD PROJEKT Group reached 23 231 thousand PLN, having increased by 14 634 thousand PLN compared to the reference period (170.2% increase).

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 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 – principally – estimation of additional entitlements assigned under the new incentive program for 2020-2025, which had no counterpart in the reference period (8 901 thousand PLN in Q3 2021) and R&D activities in the CD PROJEKT RED segment (4 320 thousand PLN in Q3 2021). The latter include early-stage (exploratory) work on new videogame projects, which occurs before the development phase commences and further costs are subject to capitalization on the balance sheet as Expenditures on development projects.

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, as well as subsidies received in the CD PROJEKT RED segment.

In Q3 2021 Group member companies obtained 9 984 thousand PLN in **Financial revenues**. The reported increase - by 200.5% compared to the reference period – is mostly due to recognition of 7 696 thousand PLN in surplus positive exchange rate differences related to estimation of treasury bonds denominated in foreign currencies, which CD PROJEKT S.A. had previously purchased. In parallel, the **Financial costs** category, at 9 216 thousand PLN (125.6% increase), includes the corresponding estimation of exchange rate hedges related to the aforementioned foreign treasury bonds denominated in foreign currencies (at 8 787 thousand PLN).

The income tax recognized in the P&L account for the third quarter was 58 thousand PLN. This figure represents the balance between current income tax (6 634 thousand PLN) and changes in deferred income tax (6 576 thousand PLN).

The Group's consolidated **Net profit** for the third quarter of 2021 was 16 342 thousand PLN, which is 30.1% less than in the corresponding period in 2020 (23 382 thousand PLN).



Condensed interim consolidated statement of comprehensive income

	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
Net profit/(loss)	16 342	121 390	23 382	170 139
Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria	1 876	3 680	9	390
Exchange rate differences from valuation of foreign entities	83	109	(217)	72
Estimation of financial instruments at fair value through other comprehensive income, adjusted for tax effects	1 793	3 571	226	318
Other comprehensive income which will not be entered as profit (loss)	-	-	-	-
Total comprehensive income	18 218	125 070	23 391	170 529
Total comprehensive income attributable to minority interests	-	-	-	-
Total comprehensive income attributable to equity holders of CD PROJEKT S.A.	18 218	125 070	23 391	170 529

Condensed interim consolidated statement of financial position

	Note	30.09.2021	30.06.2021	31.12.2020*
FIXED ASSETS		931 541	945 128	759 999
Property, plant and equipment	2	114 931	114 121	105 349
Intangibles	3	59 096	59 475	59 790
Expenditures on development projects	3	376 973	379 387	406 798
Investment properties	5	49 422	49 312	48 841
Goodwill	3,4	56 438	56 438	56 438
Shares in subsidiaries excluded from consolidation		15 972	8 273	8 195
Deferrals	9	23 760	11 611	11 676
Other financial assets	8,15	173 808	211 961	51 588
Deferred income tax assets	10	60 795	54 220	11 003
Other receivables	7,15	346	330	321
WORKING ASSETS		1 216 539	1 202 302	2 130 300
Inventories	6	16 564	16 903	6 957
Trade receivables	7,15	42 927	131 158	1 205 603
Other receivables	7	123 145	116 882	70 210
Deferrals	9	13 658	11 382	13 383
Other financial assets	8,15	279 491	206 804	106 444
Bank deposits (maturity beyond 3 months)	15	50 073	50 073	164 368
Cash and cash equivalents	15	690 681	669 100	563 335
TOTAL ASSETS		2 148 080	2 147 430	2 890 299

* adjusted

The Group's **Fixed assets** at the end of Q3 2021 were estimated at 931 541 thousand PLN, having decreased by 13 587 thousand PLN (1.4%) compared to 30 June 2021.

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 third quarter of 2021 this line item decreased by 2 414 thousand PLN, mainly due to a surplus of depreciation of projects completed in past years (primarily Cyberpunk 2077) over current development projects in the CD PROJEKT RED segment.

An increase was observed in **Shares in subsidiaries excluded from consolidation**. This increase – by 7 699 thousand PLN (93.1%) was due to acquisition of the Canadian Digital Scapes studio (later rebranded as CD PROJEKT RED Vancouver) in July 2021.

The balance of the Group's **Working assets** at the end of Q3 2021 was 1 216 539 thousand PLN, which represents a quarter-over-quarter increase of 14 237 thousand PLN (1.2%).

The balance of **Trade receivables** on 30 September 2021 was 42 927 thousand PLN. The reported decrease – by 88 231 thousand PLN (67.3%) – was mainly due to collection (in Q3 2021) of licensing royalties in the CD PROJEKT RED segment in association with sales realized in the first half of the year.

The Group's **Other receivables** were estimated at 123 145 thousand PLN at the end of September 2021, which corresponds to an increase by 6 263 thousand PLN compared to 30 June 2021. The bulk of this figure comes from withholding tax deducted at source by recipients of licenses granted by CD PROJEKT RED segment, for which the Company has to account in its annual tax statement, including withholding tax on payments related to sales of Cyberpunk 2077 in its release window. Additionally, the Group's member companies report as Other receivables their VAT settlements, advances on future expenditures on development projects and advance payments for future deliveries of goods and services.

Other short-term financial assets (279 491 thousand PLN) and **Other long-term financial assets** (173 808 thousand PLN) yield a balance of 453 299 thousand PLN as of 30 September 2021 (increase by 34 534 thousand PLN, i.e. 8.2%). This figure comprises mainly treasury bonds purchased by CD PROJEKT S.A. in the framework of diversifying credit risk related to its cash assets. The reported value of such bonds increased by 33 661 thousand PLN compared to the end of June 2021 (8.2% increase).



Long- and short-term **Deferrals** reached 37 418 thousand PLN at the end of September 2021, which represents an increase by 14 425 thousand PLN (62.7%) compared to 30 June 2021. The reported balance and the increase observed in the reporting period are both due mainly to minimum guarantees which have not been reported in the P&L account as of the balance sheet date – i.e. prepayments made by GOG.COM to its suppliers in relation to licensing royalties arising from distribution of games on the GOG.COM platform (26 444 thousand PLN – an increase by 14 265 thousand PLN, i.e. 117.1%).

The total value of the Group's **Cash and cash equivalents** and **Bank deposits (maturity beyond 3 months)** was reported at 740 754 thousand PLN as of 30 September 2021, having increased by 21 581 thousand PLN (3.0%) during the third quarter. Factoring in other liquid financial assets, i.e. treasury bonds (aggregated with short- and long-term Other financial assets), the Group held 1 184 648 thousand PLN in financial reserves at the end of Q3 2021, which is 55 242 thousand PLN (4.9%) more than at the end of June.

	Note	30.09.2021	30.06.2021	31.12.2020*
EQUITY		1 833 522	1 806 363	2 183 177
Parent entity shareholders' equity		1 833 522	1 806 363	2 183 177
Share capital	21	100 739	100 739	100 655
Supplementary capital		1 425 647	1 425 647	774 851
Supplementary capital from sale of shares above nominal value		115 909	115 909	113 844
Other reserve capital		75 069	64 335	45 547
Exchange rate differences		1 200	1 117	1 091
Retained earnings		(6 432)	(6 432)	(2 959)
Net profit (loss) for the reporting period		121 390	105 048	1 150 148
Minority interest equity		-	-	-
LONG-TERM LIABILITIES		20 771	21 228	166 153
Other financial liabilities	15	15 011	15 332	16 006
Other liabilities	13	2 920	2 980	3 173
Deferred revenues	14	2 442	2 518	963
Provisions for employee benefits and similar liabilities	11	398	398	398
Other provisions	12	-	-	145 613
SHORT-TERM LIABILITIES		293 787	319 839	540 969
Other financial liabilities	15	15 218	6 905	2 933
Trade liabilities	15	61 832	48 328	115 444
Current income tax liabilities		54 934	54 439	1 742
Other liabilities	13	9 486	10 197	33 134
Deferred revenues	14	40 666	39 073	47 758
Provisions for employee benefits and similar liabilities	11	4	4	4
Other provisions	12	111 647	160 893	339 954
TOTAL EQUITY AND LIABILITIES		2 148 080	2 147 430	2 890 299

* adjusted

At the end of Q3 2021 the CD PROJEKT Group's **Equity** was 1 833 522 thousand PLN, which is 27 159 thousand PLN more than on 30 June (1.5% increase). The reported increase in equity is mainly due to current-period earnings, along with an increase in the Other reserve capital line item, in correspondence with the costs of the Group's incentive program which is based on parent Company stock options.

The balance of **Long-term liabilities** at the end of the reporting period was 20 771 thousand PLN, which corresponds to a decrease by 457 thousand PLN (2.2%).

The balance of **Short-term liabilities** was 293 787 thousand PLN, having decreased by 26 052 thousand PLN (8.1%) since the close of Q2 2021. The primary reason is a decrease of **Other provisions** (by 49 246 thousand PLN) – these include provisions for returns or costs related to settlement of sales of Cyberpunk 2077 in the CD PROJEKT RED segment, along with provisions for bonuses and remuneration dependent on financial results. The reduction in Other provisions over the third quarter of the year is mainly due to consumption of provisions.

As of 30 September 2021 the Group's **Trade liabilities**, mainly composed of trade liabilities at GOG.COM (most of which are licensing royalties payable in relation to Q3 sales), and current trade liabilities in the CD PROJEKT RED segment, were reported at 61 832 thousand PLN, having increased by 13 504 thousand PLN since the close of Q2 2021 (27.9% increase).

The value of **Deferred revenues**, both long- and short-term, was 43 108 thousand PLN at the end of September, which represents an increase by 1 517 thousand PLN compared to 30 June 2021 (3.6%). 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's aggregate **Other financial liabilities**, both short-term (15 218 thousand PLN) and long-term (15 011 thousand PLN), increased by 7 992 thousand PLN (35.9%). This line item comprises mainly liabilities related to perpetual usufruct of land plots at Jagiellońska 74 and 76 in Warsaw (in accordance with IFRS 16), while the reported increase is mostly due to revaluation of exchange rate hedges related to the Group's possession of foreign treasury bonds denominated in foreign currencies.

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 – 30.09.2021										
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	-	-	-	-	26 820	-	-	-	26 820	26 820
Allocation of net profit/coverage of losses	-	649 927	-	-	-	-	(649 927)	-	-	-
Payment in own shares	84	869	2 065	-	(869)	-	-	-	2 149	2 149
Dividend payment	-	-	-	-	-	-	(503 694)	-	(503 694)	(503 694)
Total comprehensive income	-	-	-	-	3 571	109	-	121 390	125 070	125 070
Equity as of 30.09.2021	100 739	1 425 647	115 909	-	75 069	1 200	(6 432)	121 390	1 833 522	1 833 522

The Group has rectified its calculation of deferred tax assets for 31 December 2020, reclassifying some of the negative temporary differences from the 19% tax rate category to the 5% tax rate category. This resulted in a decrease in Equity 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 – 30.09.2020*										
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	-	-	-	-	7 930	-	-	-	7 930	7 930
Dissolution of reserve capital from past years created to finance purchase of own shares	-	549	-	-	(549)	-	-	-	-	-
Creation of reserve capital to finance purchase of own shares	-	(250 000)	-	-	250 000	-	-	-	-	-
Purchase of own shares in the implementation of incentive program	-	214 259	-	(214 259)	(214 259)	-	-	-	(214 259)	(214 259)
Payment in own shares	-	(197 007)	-	214 259	(5 645)	-	-	-	11 607	11 607
Allocation of net profit/coverage of losses	-	175 984	-	-	-	-	(175 984)	-	-	-
Total comprehensive income	-	-	-	-	318	72	-	170 139	170 529	170 529
Equity as of 30.09.2020	96 120	720 875	3 861	-	92 452	970	(2 959)	170 139	1 081 458	1 081 458

* adjusted

The Group adjusted the presentation of the effect of the vesting of its incentive program for 2012-2015. As a result of this change, the "Other reverse capital" line item was adjusted downward by 3 861 thousand PLN, while the "Supplementary capital from sale of shares above nominal value" was adjusted upward by the same amount.

Condensed interim consolidated statement of cash flows

	Note	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
OPERATING ACTIVITIES					
Net profit (loss)		16 342	121 390	23 382	170 139
Total adjustments:	29	75 887	841 713	92 472	226 731
Depreciation of PP&E, intangibles, expenditures on development projects and investment properties		4 396	13 284	2 142	6 080
Depreciation of expenditures on development projects recognized as cost of products and services sold		22 876	69 383	6 568	20 732
Profit (loss) from exchange rate differences		(9 705)	(11 719)	1 411	2 542
Interest and profit sharing		(17)	332	(1 297)	(5 345)
Profit (loss) from investment activities		9 460	14 111	(991)	(4 690)
Change in provisions		(49 463)	(285 827)	3 281	(3 131)
Change in inventories		339	(9 607)	257	(3 044)
Change in receivables		88 877	1 118 518	18 552	93 829
Change in liabilities excluding credits and loans		12 747	(76 816)	(17 127)	(15 551)
Change in other assets and liabilities		(12 971)	(18 152)	79 626	126 340
Other adjustments		9 348	28 206	50	8 969
Cash flows from operating activities		92 229	963 103	115 854	396 870
Income tax on pre-tax profit (loss)		375	11 191	728	14 830
Withholding tax paid abroad		(317)	(314)	3 645	3 672
Income tax (paid)/reimbursed		(6 456)	(7 689)	18 884	9 592
Net cash flows from operating activities		85 831	966 291	139 111	424 964

	Note	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
INVESTMENT ACTIVITIES					
Inflows		506	239 764	362 292	629 277
Sales of PP&E and intangibles		6	14	2	18
Sales of shares in subsidiaries		19	19	-	-
Closing bank deposits (maturity beyond 3 months)		-	164 368	314 546	577 228
Maturation of bonds		-	66 628	45 135	45 135
Interest on bonds received		445	725	-	33
Inflows from settlement of forward contracts		-	7 887	1 194	1 194
Other inflows from investment activities		36	123	1 415	5 669
Outflows		63 738	574 103	376 278	812 209
Purchases of intangibles and PP&E		5 636	23 755	2 974	15 244
Expenditures on development projects		26 530	135 557	52 374	166 648
Purchase of investment properties and activation of future costs		595	2 000	2 623	6 716
Loans granted		600	4 340	1 000	3 000
Acquisition of subsidiary		7 679	7 679	-	-
Purchase of bonds and the associated purchase fees		22 623	350 699	17 261	176 214
Opening bank deposits (maturity beyond 3 months)		-	50 073	300 046	444 379
Maturation of forward contracts		75	-	-	-
Other outflows from investment activities		-	-	-	8
Net cash flows from investment activities		(63 232)	(334 339)	(13 986)	(182 932)
FINANCIAL ACTIVITIES					
Inflows		10	2 179	126 124	126 124
Net inflows from sale and issue of shares in the exercise of rights assigned under the incentive program		-	2 149	126 124	126 124
Collection of receivables arising from financial lease agreements		10	30	-	-
Outflows		1 028	506 785	215 117	216 790
Purchase of own shares in the exercise of entitlements assigned under the incentive program		-	-	214 259	214 259
Dividends and other payments to equity holders		-	503 694	-	-
Payment of liabilities arising from lease agreements		927	2 650	757	2 225
Interest payments		101	441	101	306
Net cash flows from financial activities		(1 018)	(504 606)	(88 993)	(90 666)
Total net cash flows		21 581	127 346	36 132	151 366
Balance of changes in cash and cash equivalents		21 581	127 346	36 132	151 366
Cash and cash equivalents at beginning of period		669 100	563 335	164 640	49 406
Cash and cash equivalents at end of period		690 681	690 681	200 772	200 772



In the third quarter of 2021 the CD PROJEKT Group reported 85 831 thousand PLN in **Net cash flows from operating activities**, which is 53 280 thousand PLN less than in the reference period (38.3% decrease). The consolidated base net earnings, at 16 342 thousand PLN, were subject to the following adjustments:

- a) Non-cash items (aggregate decrease by 13 088 thousand PLN):
 - **Depreciation** (+4 396 thousand PLN),
 - **Development projects recognized as cost of products and services sold** (+22 876 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** (-9 705 thousand PLN), mainly from estimation of foreign treasury bonds,
 - **Profit (loss) from investment activities** (+9 460 thousand PLN), mainly from estimation of exchange rate hedges associated with purchases of foreign treasury bonds,
 - **Change in provisions** (-49 463 thousand PLN), mainly due to settlement of provisions for returns and adjustments to Cyberpunk 2077 licensing reports in the CD PROJEKT RED segment,
 - **Other adjustments** (+9 348 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 88 992 thousand PLN):
 - **Change in inventories** (+339 thousand PLN),
 - **Change in receivables** (+88 877 thousand PLN), primarily due to a decrease in the balance of trade receivables as a result of collection (in Q3 2021) of licensing royalties previously reported in Q2 2020,
 - **Change in liabilities excluding credits and loans** (+12 747 thousand PLN),
 - **Change in other assets and liabilities** (-12 971 thousand PLN).
- c) One line item recognized elsewhere in the cash flow statement - **Interest and profit sharing** (-17 thousand PLN);
- d) Difference between the value of income tax reported in the profit and loss account and income tax actually paid in the third quarter of 2021 (-6 398 thousand PLN).

The most significant driver of Net cash flows from operating activities in the reference period was the increase in the balance of Deferred revenues, primarily due to collection – in the previous year – of advance payments associated with Cyberpunk 2077 licensing royalties.

In the third quarter of 2021 the CD PROJEKT Group posted 63 232 thousand PLN in negative **Net cash flows from investment activities**, primarily due to the following:

- a) Investments in assets – **Expenditures on development projects**, at 26 530 thousand PLN, along with other Fixed assets at 5 636 thousand PLN,
- b) Purchase of treasury bonds as a means of allocating surplus cash (22 623 thousand PLN),
- c) Acquisition of Digital Scapes (later rebranded as CD PROJEKT RED Vancouver) (7 679 thousand PLN).

The Group reported 1 018 thousand PLN in negative **Net cash flows from financial activities**, related mostly to settlement of liabilities arising under lease agreements.

The total balance of the Group's **Net cash flows** for the third quarter of the year was 21 518 thousand PLN, i.e. 14 551 thousand PLN less than for the corresponding period in 2020 (40.3% decrease).

Altogether, the balance of the Group's financial reserves, comprising cash, bank deposits and other financial assets which correspond to the value of treasury bonds held by the Group, increased by 55 242 thousand PLN during the reporting period, reaching 1 184 648 thousand PLN.



CD PROJEKT

Clarifications regarding the condensed interim consolidated financial statement

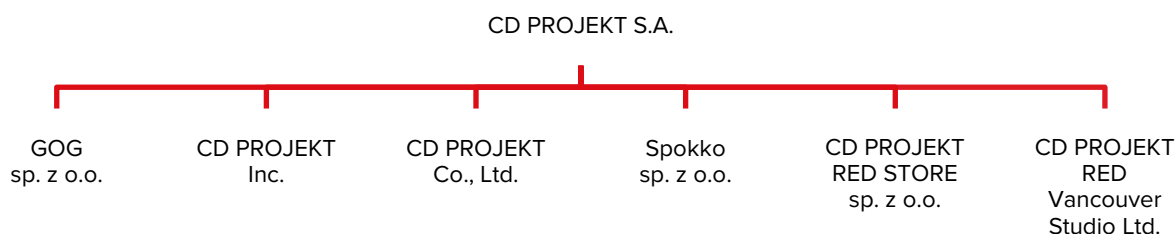
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General information

Name of reporting entity:	CD PROJEKT S.A. (no changes in the name of the reporting entity occurred since the close of the previous reporting period)
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
Primary site of activity:	Warsaw
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
Name of parent entity:	CD PROJEKT S.A.
Name of ultimate parent entity of the Group:	CD PROJEKT S.A.

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.	74%	74%	excluded from consolidation
CD PROJEKT RED STORE sp. z o.o.	100%	100%	full
CD PROJEKT RED Vancouver Studio Ltd.	100%	100%	excluded from consolidation

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., Spokko sp. z o.o. and CD PROJEKT RED Vancouver Studio Ltd.

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 July and 30 September 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 30 September 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** - applicable to reporting periods beginning or on after 1 January 2021,
 - In the case of estimation at amortized cost, changes in estimated flows resulting directly from the IBOR reform will be treated in the same way as changes in variable interest rates, i.e. without affecting the financial result,
 - There will be no requirement to terminate a hedging relationship if the only change results from the IBOR reform while all other hedge accounting criteria met; the relevant change regulates the recognition of alternative rates in the hedging relationship,
 - The entity will be obligated to disclose risks arising in conjunction with the reform, and describe its approach to managing recognition of alternative rates.
- Amendments to **IFRS 4** – *Insurance contracts* – deferring the application of **IFRS 9** – *Financial instruments* until 1 January 2021, i.e. until **IFRS 17** – *Insurance contracts* comes into force.

Standards published and approved by the EU, which have not yet entered into force, and their effect on the Group's financial statement

The Management Board performed an assessment of the effect of application of new standards upon future financial statements. In approving this financial statement, the Group did not apply the following standards, amendments to existing standards and interpretations which had been published and approved for use in the EU but which had not yet entered into force:

- **IFRS 17 Insurance contracts** – approved on 23 November 2021; applicable to reporting periods beginning on or after 1 January 2023;
- Amendments to **IFRS 16 Leases** which introduce a one-year extension of COVID-related rent concessions for lessees who make use of the option to temporarily suspend lease payments. In line with the practical expedient, when a lessee obtains relief from lease payments due to COVID-19, they do not need to assess whether such concession is a lease modification; instead, they report it in their accounts as if it did not constitute a modification. These amendments, approved on 31 August 2021, are applicable to reporting periods beginning on or after 1 April 2021;
- Amendments to **IFRS 3 Business combinations**, **IAS 16 Property, plant and equipment**, **IAS 37 Provisions, contingent liabilities and contingent assets** and the annual improvements to **IFRS, 2018-2020 cycle (IFRS 1, IFRS 9, IFRS 16 and IAS 41)** – approved on 31 August 2021; applicable to reporting periods beginning on or after 1 January 2022.

The Group does not expect the introduction of the above changes to have a significant effect on its accounting policies with regard to the Group's activities or earnings.

Standards and interpretations adopted by the IASB which have not yet been approved by the EU

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 **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.

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.

Presentation adjustments

This condensed interim consolidated financial statement for the period between 1 July and 30 September 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 December 2020. The following adjustments were made:

- 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 has not been subjected to a formal audit or review by an independent licensed auditor.



CD PROJEKT

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

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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		
01.07.2021 – 30.09.2021				
Sales revenues	104 770	41 784	(2 091)	144 463
sales to external clients	102 771	41 692	-	144 463
sales between segments	1 999	92	(2 091)	-
Segment net profit (loss)	21 081	(4 752)	13	16 342

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.COM		
01.01.2021 – 30.09.2021				
Sales revenues	476 710	148 117	(9 718)	615 109
sales to external clients	467 220	147 889	-	615 109
sales between segments	9 490	228	(9 718)	-
Segment net profit (loss)	130 676	(9 210)	(76)	121 390

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.COM		
01.07.2020 – 30.09.2020*				
Sales revenues	65 276	40 500	(1 258)	104 518
sales to external clients	64 083	40 435	-	104 518
sales between segments	1 193	65	(1 258)	-
Segment net profit (loss)	23 243	130	9	23 382

* adjusted

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.COM		
01.01.2020 – 30.09.2020				
Sales revenues	325 644	150 294	(7 410)	468 528
sales to external clients	318 299	150 229	-	468 528
sales between segments	7 345	65	(7 410)	-
Segment net profit (loss)	164 407	5 703	29	170 139

Segmented consolidated profit and loss account for the period between 01.07.2021 and 30.09.2021

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
Sales revenues	104 770	41 784	(2 091)	144 463
Revenues from sales of products	101 642	1 984	636	104 262
Revenues from sales of services	964	73	(617)	420
Revenues from sales of goods and materials	2 164	39 727	(2 110)	39 781
Cost of products, services, goods and materials sold	24 023	30 546	(1 642)	52 927
Cost of products and services sold	22 051	1 357	(191)	23 217
Cost of goods and materials sold	1 972	29 189	(1 451)	29 710
Gross profit (loss) from sales	80 747	11 238	(449)	91 536
Selling costs	40 976	14 511	(165)	55 322
General and administrative costs	21 344	2 013	(126)	23 231
Other operating revenues	5 155	321	(561)	4 915
Other operating expenses	2 731	237	(707)	2 261
(Impairment)/reversal of impairment of financial instruments	(5)	-	-	(5)
Operating profit (loss)	20 846	(5 202)	(12)	15 632
Financial revenues	10 782	1 966	(2 764)	9 984
Financial expenses	9 215	2 792	(2 791)	9 216
Profit (loss) before taxation	22 413	(6 028)	15	16 400
Income tax	1 332	(1 276)	2	58
Net profit (loss)	21 081	(4 752)	13	16 342
Net profit (loss) attributable to equity holders of parent entity	21 081	(4 752)	13	16 342

Segmented consolidated profit and loss account for the period between 01.01.2021 and 30.09.2021

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
Sales revenues	476 710	148 117	(9 718)	615 109
Revenues from sales of products	461 580	6 330	3 338	471 248
Revenues from sales of services	5 946	212	(2 026)	4 132
Revenues from sales of goods and materials	9 184	141 575	(11 030)	139 729
Cost of products, services, goods and materials sold	116 098	107 406	(8 381)	215 123
Cost of products and services sold	107 655	4 184	(713)	111 126
Cost of goods and materials sold	8 443	103 222	(7 668)	103 997
Gross profit (loss) from sales	360 612	40 711	(1 337)	399 986
Selling costs	142 624	44 841	(960)	186 505
General and administrative costs	71 546	6 098	(226)	77 418
Other operating revenues	10 214	1 193	(2 639)	8 768
Other operating expenses	8 359	852	(2 636)	6 575
(Impairment)/reversal of impairment of financial instruments	(6)	-	-	(6)
Operating profit (loss)	148 291	(9 887)	(154)	138 250
Financial revenues	7 685	4 702	-	12 387
Financial expenses	12 444	5 998	(72)	18 370
Profit (loss) before taxation	143 532	(11 183)	(82)	132 267
Income tax	12 856	(1 973)	(6)	10 877
Net profit (loss)	130 676	(9 210)	(76)	121 390
Net profit (loss) attributable to equity holders of parent entity	130 676	(9 210)	(76)	121 390

Segmented consolidated profit and loss account for the period between 01.07.2020 and 30.09.2020

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
Sales revenues	65 276	40 500	(1 258)	104 518
Revenues from sales of products	58 873	2 781	248	61 902
Revenues from sales of services	992	65	(590)	467
Revenues from sales of goods and materials	5 411	37 654	(916)	42 149
Cost of products, services, goods and materials sold	9 391	28 132	(1 095)	36 428
Cost of products and services sold	5 471	1 576	(427)	6 620
Cost of goods and materials sold	3 920	26 556	(668)	29 808
Gross profit (loss) from sales	55 885	12 368	(163)	68 090
Selling costs	20 812	10 567	(181)	31 198
General and administrative costs	7 055	1 542	-	8 597
Other operating revenues	2 031	245	(367)	1 909
Other operating expenses	1 895	129	(335)	1 689
(Impairment)/reversal of impairment of financial instruments	2	-	-	2
Operating profit (loss)	28 156	375	(14)	28 517
Financial revenues	3 016	307	-	3 323
Financial expenses	3 560	550	(25)	4 085
Profit (loss) before taxation	27 612	132	11	27 755
Income tax	4 369	2	2	4 373
Net profit (loss)	23 243	130	9	23 382
Net profit (loss) attributable to equity holders of parent entity	23 243	130	9	23 382

Segmented consolidated profit and loss account for the period between 01.01.2020 and 30.09.2020

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
Sales revenues	325 644	150 294	(7 410)	468 528
Revenues from sales of products	286 971	10 426	2 169	299 566
Revenues from sales of services	3 497	65	(2 321)	1 241
Revenues from sales of goods and materials	35 176	139 803	(7 258)	167 721
Cost of products, services, goods and materials sold	47 077	103 727	(6 620)	144 184
Cost of products and services sold	18 935	4 544	(1 532)	21 947
Cost of goods and materials sold	28 142	99 183	(5 088)	122 237
Gross profit (loss) from sales	278 567	46 567	(790)	324 344
Selling costs	69 727	34 385	(765)	103 347
General and administrative costs	29 974	4 571	(98)	34 447
Other operating revenues	6 463	544	(1 082)	5 925
Other operating expenses	8 686	383	(968)	8 101
(Impairment)/reversal of impairment of financial instruments	(73)	-	-	(73)
Operating profit (loss)	176 570	7 772	(41)	184 301
Financial revenues	12 404	449	-	12 853
Financial expenses	7 469	1 122	(78)	8 513
Profit (loss) before taxation	181 505	7 099	37	188 641
Income tax	17 098	1 396	8	18 502
Net profit (loss)	164 407	5 703	29	170 139
Net profit (loss) attributable to equity holders of parent entity	164 407	5 703	29	170 139

Segmented consolidated statement of financial position as of 30.09.2021

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
FIXED ASSETS	908 118	43 262	(19 839)	931 541
Property, plant and equipment	100 226	5 764	8 941	114 931
Intangibles	59 004	92	-	59 096
Expenditures on development projects	360 221	16 762	(10)	376 973
Investment properties	61 967	-	(12 545)	49 422
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	16 222	-	(16 222)	-
Shares in subsidiaries excluded from consolidation	15 972	-	-	15 972
Deferrals	5 148	18 612	-	23 760
Other financial assets	173 808	-	-	173 808
Deferred income tax assets	58 766	2 032	(3)	60 795
Other receivables	346	-	-	346
WORKING ASSETS	1 143 010	77 438	(3 909)	1 216 539
Inventories	16 564	-	-	16 564
Trade receivables	42 672	2 364	(2 109)	42 927
Other receivables	123 067	1 878	(1 800)	123 145
Deferrals	4 729	8 929	-	13 658
Other financial assets	278 974	517	-	279 491
Bank deposits (maturity beyond 3 months)	50 073	-	-	50 073
Cash and cash equivalents	626 931	63 750	-	690 681
TOTAL ASSETS	2 051 128	120 700	(23 748)	2 148 080

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
EQUITY	1 794 617	55 178	(16 273)	1 833 522
Equity attributable to shareholders of the parent entity	1 794 617	55 178	(16 273)	1 833 522
Share capital	100 739	136	(136)	100 739
Supplementary capital	1 368 366	62 796	(5 515)	1 425 647
Supplementary capital from sale of shares above nominal value	115 909	-	-	115 909
Other reserve capital	76 081	1 521	(2 533)	75 069
Exchange rate differences	251	(65)	1 014	1 200
Retained earnings	2 595	-	(9 027)	(6 432)
Net profit (loss) for the reporting period	130 676	(9 210)	(76)	121 390
Noncontrolling interest equity	-	-	-	-
LONG-TERM LIABILITIES	20 721	2 892	(2 842)	20 771
Other financial liabilities	15 011	2 842	(2 842)	15 011
Other liabilities	2 920	-	-	2 920
Deferred revenues	2 413	29	-	2 442
Provisions for employee benefits and similar liabilities	377	21	-	398
SHORT-TERM LIABILITIES	235 790	62 630	(4 633)	293 787
Other financial liabilities	15 185	756	(723)	15 218
Trade liabilities	15 567	48 102	(1 837)	61 832
Current income tax liabilities	54 934	-	-	54 934
Other liabilities	3 756	7 530	(1 800)	9 486
Deferred revenues	35 401	5 265	-	40 666
Provisions for retirement benefits and similar liabilities	3	1	-	4
Other provisions	110 944	976	(273)	111 647
TOTAL EQUITY AND LIABILITIES	2 051 128	120 700	(23 748)	2 148 080

Segmented consolidated statement of financial position as of 30.06.2021

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
FIXED ASSETS	932 924	31 970	(19 766)	945 128
Property, plant and equipment	99 135	6 122	8 864	114 121
Intangibles	59 344	131	-	59 475
Expenditures on development projects	360 752	18 645	(10)	379 387
Investment properties	61 970	-	(12 658)	49 312
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	15 962	-	(15 962)	-
Shares in subsidiaries excluded from consolidation	8 273	-	-	8 273
Deferrals	5 294	6 317	-	11 611
Other financial assets	211 961	-	-	211 961
Deferred income tax assets	53 465	755	-	54 220
Other receivables	330	-	-	330
WORKING ASSETS	1 125 093	81 123	(3 914)	1 202 302
Inventories	16 903	-	-	16 903
Trade receivables	130 460	2 154	(1 456)	131 158
Other receivables	116 645	2 695	(2 458)	116 882
Deferrals	4 344	7 038	-	11 382
Other financial assets	206 547	257	-	206 804
Bank deposits (maturity beyond 3 months)	50 073	-	-	50 073
Cash and cash equivalents	600 121	68 979	-	669 100
TOTAL ASSETS	2 058 017	113 093	(23 680)	2 147 430

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
EQUITY	1 762 719	59 669	(16 025)	1 806 363
Equity attributable to shareholders of the parent entity	1 762 719	59 669	(16 025)	1 806 363
Share capital	100 739	136	(136)	100 739
Supplementary capital	1 368 366	62 796	(5 515)	1 425 647
Supplementary capital from sale of shares above nominal value	115 909	-	-	115 909
Other reserve capital	65 347	1 261	(2 273)	64 335
Exchange rate differences	168	(65)	1 014	1 117
Retained earnings	2 595	-	(9 027)	(6 432)
Net profit (loss) for the reporting period	109 595	(4 459)	(88)	105 048
Noncontrolling interest equity	-	-	-	-
LONG-TERM LIABILITIES	21 170	3 082	(3 024)	21 228
Other financial liabilities	15 332	3 024	(3 024)	15 332
Other liabilities	2 980	-	-	2 980
Deferred revenues	2 481	37	-	2 518
Provisions for employee benefits and similar liabilities	377	21	-	398
SHORT-TERM LIABILITIES	274 128	50 342	(4 631)	319 839
Other financial liabilities	6 864	758	(717)	6 905
Trade liabilities	14 552	35 130	(1 354)	48 328
Current income tax liabilities	54 439	-	-	54 439
Other liabilities	4 108	8 547	(2 458)	10 197
Deferred revenues	34 109	4 964	-	39 073
Provisions for retirement benefits and similar liabilities	3	1	-	4
Other provisions	160 053	942	(102)	160 893
TOTAL EQUITY AND LIABILITIES	2 058 017	113 093	(23 680)	2 147 430

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*



Activity segments

In the third 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), CD PROJEKT RED Vancouver Studio Ltd. (Canada – since 8 July 2021) and the newly acquired The Molasses Flood studio (USA – since 22 October 2021). This activity is based on two brands owned by the Company: The Witcher and Cyberpunk.

The segment's activities cover 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.

The segment also covers the activities of the online merch store at gear.cdprojektred.com which markets products directly to fans of CD PROJEKT RED games.

Key products

Videogame development commenced in 2002 and initially focused on the studio's RPG debut: The Witcher. This game, set in Andrzej Sapkowski's fantasy world, was released in 2007 to global acclaim, garnering over 100 awards and accolades.

As of the publication date of this report, key releases in the Company's portfolio include The Witcher, The Witcher 2: Assassins of Kings, The Witcher 3: Wild Hunt with its two expansion packs: Hearts of Stone and Blood and Wine, as well as Cyberpunk 2077 – the first game set in the Cyberpunk universe, released on 10 December 2020.

In 2018 the Company released the full version of GWENT: The Witcher Card Game (PC, macOS, iOS, Android), developed in collaboration with GOG sp. z o.o., as well as a single-player game – Thronebreaker: The Witcher Tales (PC, iOS, Android, Nintendo Switch, Xbox One, PlayStation 4), built around similar gameplay mechanics.

GOG.COM

Target and scope of business activity

The GOG.COM platform was launched in August 2008. Its initial mission was to revitalize major PC cult classics and offer them for sale to international customers with particular focus on English-speaking countries, i.e. United States, Canada, United Kingdom and Australia. The platform is now offered in English, French, German, Russian, Chinese and Polish – this includes full game localizations as well as dedicated customer support and integration with locally popular payment channels, accepting payments in thirteen currencies. GOG.COM also carries releases for the macOS and Linux operating systems.

GOG.COM activities focus on:

- digital distribution of videogames via the Company's proprietary GOG.COM distribution platform and the GOG GALAXY application. The platform enables customers to purchase games, remit payment and download game files to their personal devices, while GOG GALAXY facilitates online gameplay, including cross-platform gameplay;
- collaboration with CD PROJEKT S.A. in the framework of a consortium established to develop and operate 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.

Payments collected by GOG sp. z o.o. from customers are split with the Company's suppliers as agreed upon in distribution contracts. Typical contracts require the Company to submit sales reports in monthly or quarterly cycles, not later than 30 days following the close of the given reporting period. With regard to certain older products the company may be contractually permitted to adapt them to the requirements of modern operating systems, or to enable multiplayer gameplay if such features were originally provided by the given game.

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

CD PROJEKT RED

Events related to Cyberpunk 2077

In the third quarter of 2021 the studio continued to focus on patches, updates and add-ons for Cyberpunk 2077, as well as on developing the game's next-gen version.

On 18 August CD PROJEKT RED released patch 1.3 – the biggest update for Cyberpunk 2077 yet. Along with over 600 bugfixes, the patch provides further improvements in terms of gameplay performance, visuals, quests and the open world, and furthermore includes the first free DLC – additional bonus content intended to spice up the Night City adventure. The patch was released simultaneously on all supported platforms.

On 14 September the Studio released patch 1.31 for Cyberpunk 2077 on the PC, consoles and the Stadia service. The patch introduced numerous further improvements and bugfixes. As of the publication date of this report CD PROJEKT RED has released a total of 11 patches for Cyberpunk 2077.

On 20 October CD PROJEKT RED announced a delay in the release schedule of next-gen console versions of Cyberpunk 2077 and The Witcher 3: Wild Hunt – until Q1 2022 and Q2 2022 respectively.

On 22 October the CEEGA'21 (Central & Eastern European Game Awards) were handed out at the Game Industry Conference and Poznań Game Arena held in Poznań. Cyberpunk 2077 claimed three trophies – Best Audio, Best Narrative, and the main award of the gala – Best Game.

Events related to The Witcher videogame series

WitcherCon – the first ever event for fans of The Witcher universe, organized in collaboration with Netflix – took place on 9 and 10 June. In conjunction with this event, Twitch and YouTube held broadcasts featuring unique content as well as a range of engaging panel discussions.

At one of the WitcherCon panels the Studio announced The Witcher: Ronin – a new comic, inspired by the traditions of feudal Japan where Geralt is a ronin following the trail of Yuki Onna – also known as the Lady of Snow. Additionally, CD PROJEKT RED announced that the next-gen version of The Witcher 3: Wild Hunt, exploiting the additional potential of Xbox XIS, PlayStation 5 and PCs – announced for Q2 2022 – will include unique items inspired by the Netflix series.

WitcherCon was also attended by Studio Spokko, which presented new content for The Witcher: Monster Slayer – a location-based AR mobile game set in The Witcher universe.

The Witcher: Monster Slayer was officially released on 21 July 2021. Within the game, users of iOS and Android devices may assume the role of freshly trained monster hunters. With help from advanced augmented reality, location and daytime tracking features, the game features encounters with over a hundred monsters from The Witcher universe. Within one month of release the game had been downloaded 1.7 million times, with strong ratings on App Store and Google Play (4.5/5 and 4.1/5 respectively).

On 7 September 2021 a crowdfunding campaign concerning the collector's edition of The Witcher: Ronin was launched on Kickstarter. All supporters donating within the first 24 hours would be eligible to receive a 12-cm. collector's figurine featuring Geralt's battle with a Tengu. The campaign, which ended on 27 September having reached 750% of its initial target, attracted nearly 15.5 thousand supporters. It also succeeded in unlocking bonus content prepared by CD PROJEKT RED such as alternative covers designed by Japanese artists, postcards and posters. The comic is expected to ship in January 2022.

On 1 October the Monsters' Fall in-game event began in Spokko's The Witcher: Monster Slayer. For a limited time, the population of rare and legendary monsters encounterable by gamers was increased, along with a permanent increase in the range of interaction and overall population of monsters.

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

GWENT e-sports events continued in the second half of 2021, with GWENT Open tournaments (part of the GWENT Masters series) held on 3-4 July, 21-22 August and 23-24 October.

On 3 August a new expansion – Price of Power: Thanedd Coup – was released, introducing 26 new cards. The new season of Journey also launched on the same day. Journey is a progression mode for GWENT, offering over 100 levels along with the associated rewards.

The subsequent expansion for GWENT: The Witcher Card Game – named Harvest of Sorrow – appeared on 5 October, while the seventh Journey season began on 28 October.

GOG.COM

Digital distribution of videogames

As of the publication date of this report, the list of products available on GOG.COM numbers over 5 600 items.

In the third quarter of 2021 the GOG.COM catalogue was expanded, among others, with Star Trek series classics, as well as with Pathfinder: Wrath of the Righteous, Gamedec, Myst, Psychonauts 2, Chernobylite and Blood Omen: Legacy of Kain.

Sales support

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

In addition to weeklong promotions, several special events took place during the reporting period, including GOG Games Festival, French Week and the platform's birthday sale.

The RPG Month on GOG.COM kicked off in September, with a selection of articles and video feeds related to this genre, along with new releases and bargain offers.

Other events

On 8 July 2021 the Company announced that it had signed an agreement concerning the takeover of the Canadian Digital Scapes gamedev studio (later rebranded as CD PROJEKT RED Vancouver Studio Ltd.), with which CD PROJEKT RED had been collaborating since 2018. The Vancouver-based studio joined three existing CD PROJEKT RED development teams (in Warsaw, Kraków and Wrocław respectively) to jointly work on new projects.

After the close of the reporting period, on 1 October, CD PROJEKT RED and Fundacja Edukacyjne Perspektywy announced the launch of a joint mentoring program aimed at young girls who express interest in a career in the videogame industry. *Dziewczyny w Grze!* ("Girls at Play!") is the first women-specific scholarship and mentoring initiative in the Polish gaming industry, targeting high school students and inhabitants of smaller communities. Participants are offered access to videogame development training – under the supervision of a mentor who is a CD PROJEKT RED team member – as well as financial support to cover costs related to education and career development.

On 22 October 2021 the Company announced that it had concluded an investment agreement concerning the takeover, by a subsidiary of CD PROJEKT S.A. – CD PROJEKT Inc., of The Molasses Flood development studio located in Boston. Under the agreement CD PROJEKT Inc. acquired 60% of The Molasses Flood and presented a schedule of transactions which will lead to buyout of the remainder of the studio and incorporation of its employees in the organizational framework of the CD PROJEKT Group. The Boston-based studio, established in 2014, will closely collaborate with CD PROJEKT RED while retaining autonomy. It is working on a dedicated project based upon one of CD PROJEKT's IPs.

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

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 fiscal regulations.

In the fourth quarter of 2021, as well as in subsequent quarterly periods, the CD PROJEKT Group intends to further develop its activities in two parallel segments – CD PROJEKT RED and GOG.COM, while also fostering the activities of its Spokko subsidiary. Furthermore, in the context of the Group's strategy update, the Management Board announced increased interest in M&A as a means of assisting the growth of CD PROJEKT RED, particularly with regard to technical expertise. In July 2021 CD PROJEKT signed an acquisition agreement concerning the Vancouver-based Digital Scapes studio (currently operating under the name CD PROJEKT RED Vancouver Studio Ltd.), while in October 2021 the Group acquired The Molasses Flood studio, based in Boston.

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 the activities of CD PROJEKT RED will focus on further support for Cyberpunk 2077 through patches and on publishing the game's next-gen console release alongside the dedicated next-gen release of The Witcher 3, together with its expansions.

Maintaining the current growth dynamics 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. Both aspects are enshrined in the RED 2.0 transformation strategy, currently being implemented. The strategy involves migrating to agile, quality-oriented development methodologies, as well as changes in marketing practices – with campaigns becoming shorter and focusing on more polished content. Managing two separate major franchises (The Witcher and Cyberpunk), along with several independent development teams, should enable the Company to conduct parallel work on several projects, beginning in 2022, and smoothen 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, as observed during the recent years.

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.

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.

Disclosure of seasonal or cyclical activities

CD PROJEKT RED

The revenues and earnings 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 expansions 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).

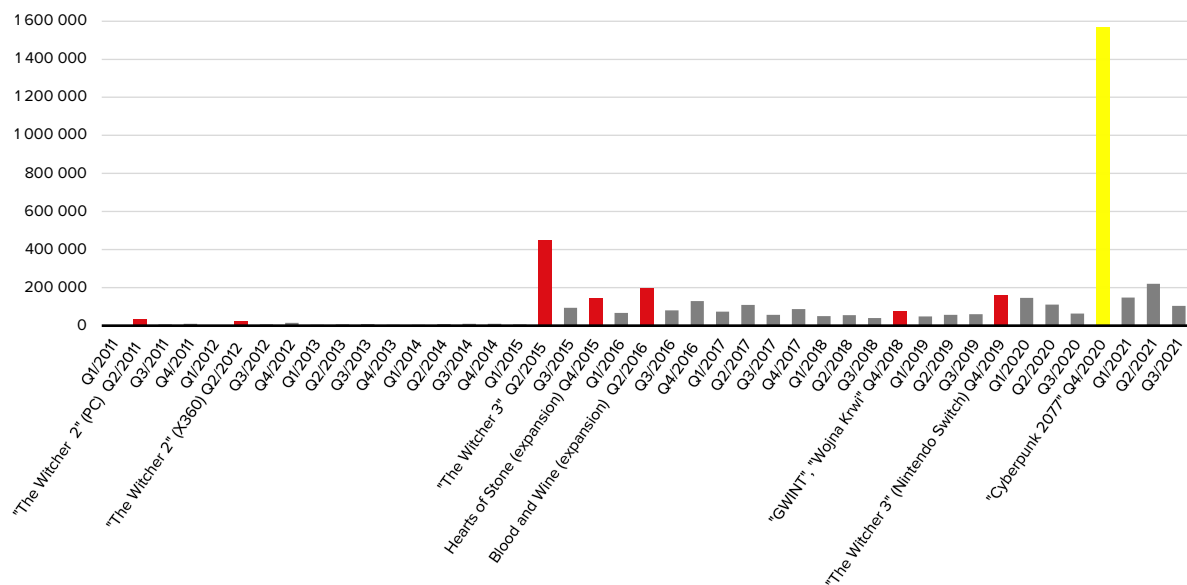
With regard to games which have already been released, their yearly sales distribution is dependent on the schedule of periodic sale campaigns. In most cases, strong sales are reported in the second and fourth quarter, while the first and the third (vacation) quarter see weaker sales.

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)



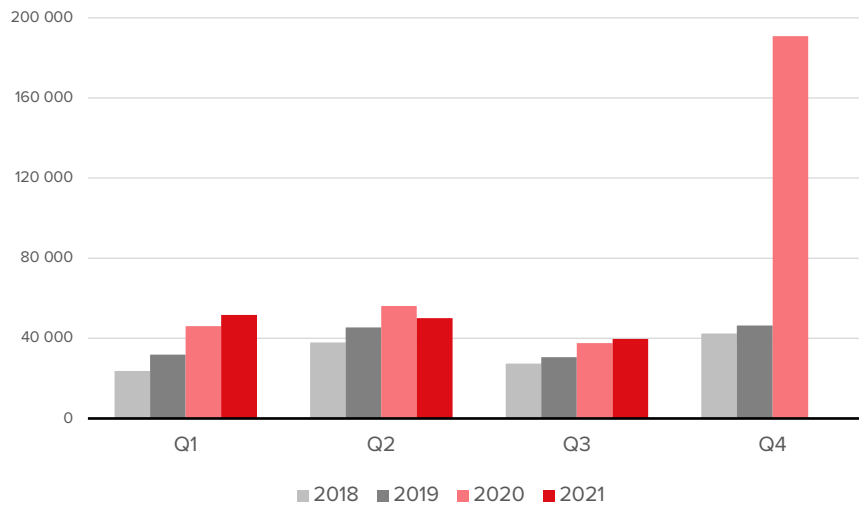
GOG.COM

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)



Information regarding 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 two external clients throughout Q3 2021 generated revenues which exceeded 10% of the consolidated sales revenues of the CD PROJEKT Group – specifically, 180 317 thousand PLN and 65 138 thousand PLN, which respectively corresponds to 29.3% and 10.6% of the Group's consolidated sales revenues for this period. The abovementioned clients are not affiliated with CD PROJEKT S.A. or any of its subsidiaries.

No other external client accounted for more than 10% of the Group's consolidated sales revenues.



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

The financial statement of the CD PROJEKT Group for the third quarter of 2021 does not list any circumstances which could be regarded as unusual due to their type, size or effect, affecting the Group's assets, liabilities, equity or net financial result.

Note 2. Property, plant and equipment

Changes in PP&E (by category) between 01.01.2021 and 30.09.2021

	Land holdings	Buildings and structures	Civil engineering objects	Machinery and equipment	Vehicles	Other PP&E	PP&E 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:	-	6 501	53	12 634	566	880	7 390	28 024
purchase	-	427	53	12 562	-	682	7 390	21 114
lease agreements concluded	-	57	-	-	551	-	-	608
reassignment from PP&E under construction	-	5 779	-	53	-	198	-	6 030
other	-	238	-	19	15	-	-	272
Reductions from:	-	1 155	11	1 305	616	29	6 330	9 446
sale	-	559	-	231	-	-	-	790
disposal	-	596	11	1 074	616	29	-	2 326
reassignment from PP&E under construction	-	-	-	-	-	-	6 330	6 330
Gross carrying amount as of 30.09.2021	35 986	73 141	1 876	51 070	2 911	3 996	2 731	171 711
Depreciation as of 01.01.2021	588	14 311	275	28 876	1 710	2 024	-	47 784
Increases from:	425	4 479	232	5 429	388	459	-	11 412
depreciation	425	4 320	232	5 417	380	459	-	11 233
other	-	159	-	12	8	-	-	179
Reductions from:	-	1 065	3	1 156	164	28	-	2 416
sale	-	625	-	155	-	-	-	780
disposal	-	440	3	1 001	164	28	-	1 636
Depreciation as of 30.09.2021	1 013	17 725	504	33 149	1 934	2 455	-	56 780
Impairment allowances as of 01.01.2021	-	-	-	-	-	-	-	-
Impairment allowances as of 30.09.2021	-	-	-	-	-	-	-	-
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 30.09.2021	34 973	55 416	1 372	17 921	977	1 541	2 731	114 931

Contractual commitments for future acquisition of PP&E

	30.09.2021	30.06.2021	31.12.2020
Leasing of passenger cars	293	361	195
Total	293	361	195

Usufruct of PP&E held under lease agreements

	30.09.2021		
	Gross value	Depreciation	Net value
Land holdings	14 540	413	14 127
Immovable properties	7 961	6 022	1 939
Civil engineering objects	94	35	59
Vehicles	991	263	728
Total	23 586	6 733	16 853

	30.06.2021		
	Gross value	Depreciation	Net value
Land holdings	14 540	362	14 178
Immovable properties	7 793	5 301	2 492
Civil engineering objects	94	24	70
Vehicles	1 463	368	1 095
Total	23 890	6 055	17 835

	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

Note 3. Intangibles and expenditures on development projects

Changes in intangibles and expenditures on development projects between 01.01.2021 and 30.09.2021

	Development projects in progress	Development projects completed	Trademarks	Patents and licenses	Copyrights	Computer software	Goodwill	Intangibles 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:	40 973	609	-	140	-	3 393	-	200	45 315
purchases	-	-	-	140	-	2 064	-	200	2 404
reassignment from intangibles under construction	-	-	-	-	-	1 329	-	-	1 329
reassignment from expenditures on development projects in progress	-	457	-	-	-	-	-	-	457
reassignment of development expenditures under consortium agreement	-	152	-	-	-	-	-	-	152
own creation	40 973	-	-	-	-	-	-	-	40 973
Reductions from:	609	-	-	79	-	613	-	1 329	2 630
disposal	-	-	-	79	-	613	-	-	692
reassignment from intangibles under construction	-	-	-	-	-	-	-	1 329	1 329
reassignment from expenditures on development projects in progress	457	-	-	-	-	-	-	-	457
reassignment of development expenditures under consortium agreement	152	-	-	-	-	-	-	-	152
Gross carrying amount as of 30.09.2021	69 251	842 217	33 199	2 215	18 331	35 076	56 438	29	1 056 756
Depreciation as of 01.01.2021	-	463 697	-	1 626	48	25 674	-	-	491 045
Increases from:	-	70 798	-	375	94	2 626	-	-	73 893
depreciation	-	70 798	-	375	94	2 626	-	-	73 893
Reductions from:	-	-	-	80	-	609	-	-	689
disposal	-	-	-	80	-	609	-	-	689
Depreciation as of 30.09.2021	-	534 495	-	1 921	142	27 691	-	-	564 249
Impairment allowances as of 01.01.2021	-	-	-	-	-	-	-	-	-
Impairment allowances as of 30.09.2021	-	-	-	-	-	-	-	-	-
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 30.09.2021	69 251	307 722	33 199	294	18 189	7 385	56 438	29	492 507

* adjusted

**Contractual commitments for future acquisition of intangible assets**

None reported.

Note 4. Goodwill

No changes in goodwill occurred between 1 July and 30 September 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 30.09.2021

Gross balance sheet value as of 01.01.2021	50 650
Increases from:	1 991
activation of future costs	1 991
Reductions from:	56
disposal	56
Gross balance sheet value as of 30.09.2021	52 585
Depreciation as of 01.01.2021	1 809
Increases from:	1 359
depreciation	1 359
Reductions from:	5
disposal	5
Depreciation as of 30.09.2021	3 163
Impairment allowances as of 01.01.2021	-
Increases	-
Reductions	-
Impairment allowances as of 30.09.2021	-
Net balance sheet value as of 30.09.2021	49 422

Contractual commitments for acquisition of investment properties

None reported.

Note 6. Inventories

	30.09.2021	30.06.2021	31.12.2020
Goods	16 509	16 826	6 875
Other materials	55	77	82
Gross inventories	16 564	16 903	6 957
Inventory impairment allowances	-	-	-
Net inventories	16 564	16 903	6 957

Changes in inventory impairment allowances

None reported.

Note 7. Trade and other receivables

	30.09.2021	30.06.2021	31.12.2020
Gross trade and other receivables	167 256	249 229	1 276 992
Impairment allowances	838	859	858
Trade and other receivables	166 418	248 370	1 276 134
from affiliates	659	189	88
from external entities	165 759	248 181	1 276 046

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:	11	-	11
creation of allowances for past-due and contested receivables	11	-	11
Reductions from:	31	-	31
use of impairment allowances	27	-	27
dissolution of impairment allowances	4	-	4
Impairment allowances as of 30.09.2021	106	732	838

Current and overdue trade receivables as of 30.09.2021

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
AFFILIATES							
gross receivables	659	654	5	-	-	-	-
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	659	654	5	-	-	-	-

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	42 374	40 071	1 669	487	1	-	146
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	106	-	-	-	-	-	106
total expected credit loss	106	-	-	-	-	-	106
Net receivables	42 268	40 071	1 669	487	1	-	40

Total							
gross receivables	43 033	40 725	1 674	487	1	-	146
impairment allowances	106	-	-	-	-	-	106
Net receivables	42 927	40 725	1 674	487	1	-	40

Other receivables

	30.09.2021	30.06.2021	31.12.2020
Other gross receivables, including:	124 223	117 944	71 263
tax returns except corporate income tax	86 826	84 534	36 342
advance payments associated with expenditures on development projects	32 809	26 088	24 353
advance payments for supplies	2 769	5 414	4 643
deposits	643	623	619
prepayments associated with purchases of PP&E and intangibles	60	196	38
provisions for sales revenues - advances	123	155	119
prepayments associated with licensing royalties	86	86	86
prepayments associated with purchases of investment properties	79	57	70
employee compensation settlements	24	20	26
settlements with operators of payment processing platforms	-	-	4 173
settlements with board members at the Group's member companies	-	-	7
other	72	39	55
Impairment allowances	732	732	732
Total other gross receivables	123 491	117 212	70 531
short-term	123 145	116 882	70 210
long-term	346	330	321

Note 8. Other financial assets

	30.09.2021	30.06.2021	31.12.2020
Loans granted	8 888	8 275	4 520
Bonds	443 894	410 233	146 985
Derivative financial instruments	517	257	6 527
Other financial assets, including:	453 299	418 765	158 032
short-term assets	279 491	206 804	106 444
long-term assets	173 808	211 961	51 588

Note 9. Deferrals

	30.09.2021	30.06.2021	31.12.2020
Minimum guarantees and advance payments at GOG.com	26 444	12 179	14 630
Software, licenses	4 643	4 768	4 183
Expenses associated with future marketing activities	1 775	1 815	1 861
Repairs and refurbishment	1 557	1 582	1 651
Fees associated with right of first refusal	1 404	1 431	1 484
IT security	472	592	653
Fees related to perpetual usufruct of land	72	143	-
Non-life insurance	591	129	289
Business travel (airfare, accommodation, insurance)	37	14	7
Marketing campaigns	-	-	54
Other prepaid expenses	423	340	247
Total prepaid expenses, including:	37 418	22 993	25 059
short-term	13 658	11 382	13 383
long-term	23 760	11 611	11 676

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	30.09.2021
Provisions for other employee benefits	402	-	-	402
Provisions for compensation dependent on financial result and other compensation	199 817	(176 600)	-	23 217
Tax loss	227 028	19 365	-	246 393
Negative exchange rate differences	24 259	(17 015)	-	7 244
Difference between balance sheet value and tax value of expenditures on development projects	3 045	910	-	3 955
Employee compensation and social security expenses payable in future reporting periods	25	(7)	-	18
Deferred revenues associated with adding funds to virtual wallets and participation in the additional benefits programs	2 820	560	-	3 380
Other provisions	221 280	(85 128)	-	136 152
R&D tax relief	309 826	1 937	-	311 763
Advances recognized as taxable income	4 036	(1 354)	-	2 682
Other sources	-	75	-	75
Total negative temporary differences	992 538	(257 257)	-	735 281
subject to 5% tax rate	647 194	(263 464)	-	383 730
subject to 19% tax rate	345 344	6 207	-	351 551
Deferred tax assets	97 976	(11 994)	-	85 982

* 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	30.09.2021
Difference between balance sheet value and tax value of PP&E and intangibles	13 314	712	-	14 026
Income in the current period invoiced in the following period / accrued income	1 200 377	(1 161 668)	-	38 709
Positive exchange rate differences	22 117	(6 708)	-	15 409
Estimation of bonds	610	(506)	(104)	-
Estimation of forward contracts	6 914	(6 397)	-	517
Difference between balance sheet value and tax value of expenditures on development projects	305 339	(1 752)	-	303 587
Other sources	136	130	-	266
Total positive temporary differences	1 548 807	(1 176 189)	(104)	372 514
subject to 5% tax rate	1 480 720	(1 155 072)	-	325 648
subject to 19% tax rate	68 087	(21 117)	(104)	46 866
Deferred tax liabilities	86 973	(61 766)	(20)	25 187

* 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

	30.09.2021	30.06.2021	31.12.2020*
Deferred tax assets	85 982	84 730	97 976
Deferred tax liabilities	25 187	30 510	86 973
Net deferred tax assets/(liabilities)	60 795	54 220	11 003

* adjusted

Income tax reported in profit/loss account

	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
Current income tax, including:	6 634	60 566	6 557	23 124
withholding tax paid abroad	(317)	(314)	3 645	3 672
Changes in deferred income tax	(6 576)	(49 689)	(2 184)	(4 622)
Income tax reported in profit/loss account	58	10 877	4 373	18 502

Note 11. Provisions for employee benefits and similar liabilities

	30.09.2021	30.06.2021	31.12.2020
Provisions for retirement benefits and pensions	402	402	402
Total, including:	402	402	402
short-term provisions	4	4	4
long-term provisions	398	398	398

No changes in provisions for employee benefits and similar liabilities occurred between 1 July and 30 September 2021.

Note 12. Other provisions

	30.09.2021	30.06.2021	31.12.2020
Provisions for returns	33 247	85 985	194 537
Provisions for liabilities, including:	78 400	74 908	291 030
provisions for financial statement audit and review expenses	-	60	73
provisions for bought-in services	697	564	740
provisions for compensation contingent upon the Group's financial result, and other compensation	25 823	22 268	256 130
provisions for other expenses	51 880	52 016	34 087
Total, including:	111 647	160 893	485 567
short-term provisions	111 647	160 893	339 954
long-term provisions	-	-	145 613

Change in other provisions

	Provisions for returns	Provisions for compensation contingent upon the Group's financial result, and other compensation	Other provisions	Total
As of 01.01.2021	194 537	256 130	34 900	485 567
Provisions created during the financial year	42 635	27 646	52 983	123 264
Provisions consumed	121 499	256 384	34 890	412 773
Provisions dissolved	82 426	1 569	432	84 427
Adjustments due to exchange rate differences	-	-	16	16
As of 30.09.2021, including:	33 247	25 823	52 577	111 647
short-term provisions	33 247	25 823	52 577	111 647
long-term provisions	-	-	-	-

Note 13. Other liabilities

	30.09.2021	30.06.2021	31.12.2020*
Liabilities from other taxes, duties, social security payments and others, except corporation tax	9 032	9 681	32 789
VAT	5 269	5 624	27 790
Personal income tax	1 551	1 604	2 370
Social security (ZUS) payments	1 427	1 513	1 557
Flat-rate withholding tax	701	49	982
National Disabled Persons Rehabilitation Fund (PFRON) payments	57	53	45
PIT-8AR settlements	27	137	45
Other miscellaneous liabilities	-	701	-
Other liabilities	3 374	3 496	3 518
Liabilities associated with right of first refusal and future marketing costs	2 920	2 980	3 100
Deposits	81	259	149
Other employee-related liabilities	109	14	15
Other liabilities payable to management board members at Group member companies	14	-	1
Other liabilities, incl. Internal Social Benefits Fund (ZFŚS)	250	243	253
Total, including:	12 406	13 177	36 307
short-term liabilities	9 486	10 197	33 134
long-term liabilities	2 920	2 980	3 173

* adjusted

Note 14. Deferred revenues

	30.09.2021	30.06.2021	31.12.2020
Subsidies	13 050	14 831	14 867
Future period revenues	26 332	23 194	30 985
GOG Wallet	3 696	3 534	2 847
Official phone rental and other services	30	32	22
Total, including:	43 108	41 591	48 721
short-term deferrals	40 666	39 073	47 758
long-term deferrals	2 442	2 518	963

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 30 September 2021, 30 June 2021 and 31 December 2020 respectively.

	30.09.2021	30.06.2021	31.12.2020
LEVEL 1			
Assets estimated at fair value			
Financial assets estimated at fair value through other comprehensive income	220 301	198 272	97 397
foreign government bonds - CHF	-	-	32 023
foreign government bonds - EUR	24 672	13 218	20 829
foreign government bonds - USD	195 629	185 054	44 545
LEVEL 2			
Assets estimated at fair value through financial result			
Derivative instruments	517	257	6 527
forward currency contracts - CHF	-	-	1 231
forward currency contracts - EUR	37	(11)	(202)
forward currency contracts - USD	480	268	5 498
Liabilities estimated at fair value through financial result			
Derivative instruments	13 230	4 518	-
forward currency contracts - EUR	358	(64)	-
forward currency contracts - USD	12 872	4 582	-

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**

	30.09.2021	30.06.2021	31.12.2020
Financial assets estimated at amortized cost	1 016 508	1 070 897	1 987 735
Other long-term receivables	346	330	321
Trade receivables	42 927	131 158	1 205 603
Cash and cash equivalents	690 681	669 100	563 335
Bank deposits (maturity beyond 3 months)	50 073	50 073	164 368
State Treasury bonds	223 593	211 961	49 588
Loans granted	8 888	8 275	4 520
Financial assets estimated at fair value through other comprehensive income	220 301	198 272	97 397
Foreign government bonds	220 301	198 272	97 397
Financial assets estimated at fair value through financial result	517	257	6 527
Derivative financial instruments	517	257	6 527
Total financial assets	1 237 326	1 269 426	2 091 659

Financial liabilities – classification and estimation

	30.09.2021	30.06.2021	31.12.2020
Financial liabilities estimated at amortized cost	78 831	66 047	134 383
Trade liabilities	61 832	48 328	115 444
Other financial liabilities	16 999	17 719	18 939
Financial liabilities estimated at fair value through financial result	13 230	4 518	-
Derivative financial instruments	13 230	4 518	-
Total financial liabilities	92 061	70 565	134 383

Note 16. Sales revenues

Sales revenues by territory (2021)*

	01.07.2021 – 30.09.2021		01.01.2021 – 30.09.2021	
	PLN	%	PLN	%
Domestic sales	9 280	6.42%	18 992	3.09%
Exports, including:	135 183	93.58%	596 117	96.91%
Europe	33 475	23.17%	85 539	13.91%
North America	87 073	60.28%	453 838	73.77%
South America	599	0.41%	2 071	0.34%
Asia	11 911	8.25%	48 457	7.88%
Australia	1 991	1.38%	5 823	0.95%
Africa	134	0.09%	389	0.06%
Total	144 463	100%	615 109	100%

Sales revenues by territory (2020)*

	01.07.2020 – 30.09.2020		01.01.2020 – 30.09.2020	
	PLN	%	PLN	%
Domestic sales	5 175	4.96%	18 100	3.86%
Exports, including:	99 343	95.04%	450 428	96.14%
Europe	33 967	32.50%	142 526	30.42%
North America	55 021	52.64%	244 323	52.15%
South America	809	0.77%	3 132	0.67%
Asia	6 879	6.58%	51 874	11.07%
Australia	2 489	2.38%	8 028	1.71%
Africa	178	0.17%	545	0.12%
Total	104 518	100%	468 528	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

	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
Own products	104 262	471 248	61 902	299 566
External products	39 781	139 729	42 149	167 721
Other revenues	420	4 132	467	1 241
Total	144 463	615 109	104 518	468 528

Sales revenues by distribution channel

	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
Videogames – box editions	4 082	57 111	8 137	58 975
Videogames – digital editions	130 794	533 806	89 152	393 008
Other revenues	9 587	24 192	7 229	16 545
Total	144 463	615 109	104 518	468 528

Note 17. Operating expenses

	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
Depreciation of PP&E, intangibles, expenditures on development projects and investment properties, including:	4 396	13 284	2 142	6 080
depreciation of leased buildings	505	1 615	325	883
depreciation of leased vehicles	55	187	72	221
Consumption of materials and energy	443	2 081	354	1 230
Bought-in services, including:	31 497	100 235	18 176	54 903
short-term leases and leases of low-value assets	116	348	136	275
Taxes and fees	292	872	277	675
Employee compensation, social security and other benefits	41 344	145 336	17 924	72 911
Business travel	266	334	560	919
Use of company cars	65	161	43	128
Cost of goods and materials sold	29 710	103 997	29 808	122 237
Cost of products and services sold	23 217	111 126	6 620	21 947
Other expenses	250	1 620	319	948
Total	131 480	479 046	76 223	281 978
Selling costs	55 322	186 505	31 198	103 347
General and administrative costs	23 231	77 418	8 597	34 447
Cost of products, services, goods and materials sold	52 927	215 123	36 428	144 184
Total	131 480	479 046	76 223	281 978

Note 18. Other operating revenues and expenses

Other operating revenues

	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
Subsidies	1 898	1 934	42	159
Revenues from lease contracts	1 577	4 602	1 400	4 296
Compensation for damages received	454	457	2	56
Reinvoicing revenues	303	861	232	688
PP&E and goods received free of charge	283	284	89	499
Dissolution of unused provisions for expenses	274	408	-	18
Other sales	52	118	128	160
Settlement of financial lease liabilities	18	18	-	-
Profit from sale of PP&E	3	4	2	16
Other miscellaneous operating revenues	53	82	14	33
Total other operating revenues	4 915	8 768	1 909	5 925

Other operating expenses

	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
Own cost of leases	804	2 948	813	2 463
Depreciation of investment properties	454	1 330	389	1 022
Reinvoicing expenses	303	862	232	688
Disposal of PP&E and intangibles	593	693	-	3
Disposal (destruction) of materials and goods	1	482	2	5
Donations	50	67	200	2 300
Own cost of other sales	35	35	-	-
Disposal of investment properties	-	51	35	1 569
Help Me Refund – refunds	-	33	-	-
VAT writeoffs	4	8	-	-
Nonculpable shortfalls in working assets	-	7	-	1
Other miscellaneous expenses	17	59	18	50
Total other operating expenses	2 261	6 575	1 689	8 101

Note 19. Financial revenues and expenses

Financial revenues

	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
Revenues from interest	322	729	1 506	5 792
on short-term bank deposits	-	41	1 412	5 665
on bonds	274	578	79	110
on loans granted	48	110	15	17
Other financial revenues	9 662	11 658	1 817	7 061
surplus positive exchange rate differences	7 696	-	-	-
settlement and estimation of derivative financial instruments	1 966	11 648	1 817	7 061
management Board forward contracts	-	7	-	-
other miscellaneous financial revenues	-	3	-	-
Total financial revenues	9 984	12 387	3 323	12 853

**Financial expenses**

	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
Interest payments	346	1 153	218	475
on lease agreements	101	441	101	306
on bonds	204	620	108	141
on budget commitments	40	91	9	28
on trade settlements	1	1	-	-
Other financial expenses	8 870	17 217	3 867	8 038
surplus negative exchange rate differences	-	15 637	3 306	7 456
bond purchase fees	83	275	56	77
losses from maturation of bonds	-	1 305	503	503
settlement and estimation of derivative financial instruments	8 787	-	-	-
other miscellaneous financial expenses	-	-	2	2
Total financial expenses	9 216	18 370	4 085	8 513
Net balance of financial activities	768	(5 983)	(762)	4 340

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 July and 30 September 2021, can be found in Note 17).

As of 30 September 2021, 30 June 2021 and 31 December 2020 future payments associated with irrevocable short-term lease agreements and lease agreements concerning low-value assets are as follows:

	30.09.2021	30.06.2021	31.12.2020
Due within 1 year	194	268	179
Due between 1 and 5 years	128	150	170
Due after 5 years	-	-	-
Total	322	418	349

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

Not applicable.

Issue of capital securities

	30.09.2021	30.06.2021	31.12.2020
Stock volume (thousands)	100 739	100 739	100 655
Nominal value per share (PLN)	1	1	1
Share capital	100 739	100 739	100 655



Note 22. Dividends declared or paid out and collected

The Group's member companies did not pay out or collect any dividends between 1 July and 30 September 2021.

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			
	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
SUBSIDIARIES								
CD PROJEKT Co., Ltd.	-	-	-	-	1 016	4 171	783	2 611
Spokko sp. z o.o.	684	1 071	187	318	-	-	-	-
CD PROJEKT RED Vancouver Studio Ltd.	-	-	-	-	1 648	1 648	-	-
MANAGEMENT BOARD MEMBERS AT GROUP MEMBER COMPANIES								
Marcin Iwiński	2	18	3	6	-	-	-	-
Adam Kiciński	-	4	1	3	-	-	-	-
Piotr Nielubowicz	2	7	2	6	-	-	-	-
Michał Nowakowski	1	11	2	8	-	-	-	-
Adam Badowski	-	1	-	3	-	-	-	-
Piotr Karwowski	1	3	-	-	-	-	-	-
Oleg Klapovskiy	-	-	1	1	-	-	-	-
Urszula Jach-Jaki	-	1	-	4	-	-	-	-

	Receivables from affiliates			Liabilities due to affiliates		
	30.09.2021	30.06.2021	31.12.2020	30.09.2021	30.06.2021	31.12.2020
SUBSIDIARIES						
CD PROJEKT Co., Ltd.	-	-	-	345	353	557
Spokko sp. z o.o.	9 547	8 464	4 601	-	-	-
CD PROJEKT RED Vancouver Studio Ltd.	-	-	-	684	-	-
MANAGEMENT BOARD MEMBERS AT GROUP MEMBER COMPANIES						
Marcin Iwiński	-	-	5	-	-	-
Adam Kiciński	-	-	-	9	-	-
Piotr Nielubowicz	-	-	2	-	-	-
Michał Nowakowski	-	-	-	5	-	1



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	30.09.2021	30.06.2021	31.12.2020
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	50 000
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	62	74	115
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 Bank Polska S.A. (formerly BZ WBK S.A.)					
Promissory note agreement	Framework agreement concerning financial market transactions	PLN	23 500	13 000	13 000
BNP Paribas					
Promissory note agreement	Framework agreement concerning financial market transactions	PLN	26 600	75 000	75 000
Bank Polska Kasa Opieki S.A.					
Promissory note agreement	Framework agreement concerning financial market transactions	PLN	35 000	20 000	20 000

Note 26. Changes in the structure of the Group and its member entities occurring during the reporting period

On 2 July 2021 the parent Company sold 1% of shares with a nominal value of 250 PLN in its Spokko sp. z o.o. subsidiary to a key employee thereof, in the framework of an investment agreement concluded by members of Spokko sp. z o.o.

On 8 July 2021 the parent Company acquired the Canadian Digital Scapes studio, becoming its sole owner. Having joined the CD PROJEKT Group, the studio was rebranded as CD PROJEKT RED Vancouver Studio Ltd.

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 October 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 2 359 000 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 11 August 2021, the Minister for Entrepreneurship and Technology issued decision no. DNP-V.4241.11.2021, 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 2021, item 1800).

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

	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
Cash and cash equivalents reported in cash flow statement	690 681	690 681	200 772	200 772
Cash on balance sheet	690 681	690 681	200 772	200 772
Depreciation	4 396	13 284	2 142	6 080
Depreciation of intangibles	767	2 386	518	1 502
Depreciation of expenditures on development projects	522	1 501	120	269
Depreciation of PP&E	3 097	9 368	1 488	4 239
Depreciation of investment properties	10	29	16	70
Profit (loss) from exchange rate differences results from:	(9 705)	(11 719)	1 411	2 542
Exchange rate differences on estimation of bonds	(9 705)	(11 719)	1 411	2 542
Interest and share in profits consist of:	(17)	332	(1 297)	(5 345)
Interest on bank deposits	-	(41)	(1 412)	(5 665)
Interest on bonds	(70)	42	29	31
Interest accrued on loans granted	(48)	(110)	(15)	(17)
Interest collected on lease agreements	101	441	101	306
Profit (loss) from investment activities results from:	9 460	14 111	(991)	(4 690)
Revenues from sale of PP&E	(6)	(14)	(2)	(18)
Net value of PP&E sold	3	10	-	2
Net value of PP&E liquidated	593	690	-	-
Net value of intangibles liquidated	-	3	-	3
Net value of investment properties liquidated	-	51	35	1 569
PP&E received free of charge	-	-	(62)	(62)
Settlement and estimation of derivative instruments	8 787	11 791	(1 521)	(6 764)
Bond purchase fees	83	275	56	77
Revenues from maturation of bonds	-	(66 631)	(45 135)	(45 135)
Value of bonds held to maturity	-	67 936	45 638	45 638
Changes in provisions result from:	(49 463)	(285 827)	3 281	(3 131)
Balance of changes in provisions for liabilities	(49 246)	(373 920)	4 693	(3 657)
Provisions for compensation contingent upon the Group's financial result aggregated with expenses on development projects	(217)	88 093	(1 412)	526
Changes in inventory status result from:	339	(9 607)	257	(3 044)
Balance of changes in inventory status	339	(9 607)	257	(3 044)



	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
Changes in receivables result from:	88 877	1 118 518	18 552	93 829
Balance of changes in short-term receivables	81 968	1 109 741	25 115	100 525
Balance of changes in long-term receivables	(16)	(25)	6	52
Balance of changes in advance payments for investment properties	-	-	181	271
Income tax set against withholding tax	-	-	-	8
Withholding tax paid abroad	317	315	(3 645)	(3 672)
Changes in current income tax receivables	-	-	(13 931)	(20 282)
Changes in advance payments related to expenditures on development projects	6 722	8 456	10 495	16 973
Changes in advance payments related to purchase of PP&E, intangibles and investment properties	(114)	31	331	(46)
Changes in short-term liabilities except financial liabilities result from:	12 747	(76 816)	(17 127)	(15 551)
Balance of changes in short-term liabilities	21 601	(11 783)	105 076	107 701
Change in current income tax liabilities	(495)	(53 192)	(7 865)	(8 769)
Changes in financial liabilities	(8 313)	(12 285)	(555)	(757)
Changes in deposit liabilities	-	(73)	-	-
Adjustments for changes in liabilities due to purchase of PP&E	(199)	334	(355)	(207)
Adjustments for changes in liabilities due to purchase of intangibles	153	183	168	932
Adjustment for liabilities related to purchase of investment properties	-	-	922	47
Adjustment for payment for shares received	-	-	(114 518)	(114 518)
Adjustment for liabilities booked on the other side as deferrals	-	-	-	20
Changes in other assets and liabilities result from:	(12 971)	(18 152)	79 626	126 340
Balance of changes in prepaid expenses	(14 425)	(12 359)	1 999	2 113
Balance of changes in deferred revenues	1 517	(5 613)	77 685	124 424
Adjustment for prepaid expenses booked on the other side as liabilities	(60)	(180)	(60)	(200)
Other changes	(3)	-	2	3
Other adjustments include:	9 348	28 206	50	8 969
Cost of incentive program	8 901	26 703	-	7 787
Estimation of derivative financial instruments	(260)	(438)	(273)	(273)
Depreciation aggregated with cost of products, services, goods and materials sold, consortium settlements and other operating expenses	644	1 853	537	1 387
Exchange rate differences	81	106	(214)	68
Other miscellaneous adjustments	(18)	(18)	-	-

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

	01.07.2021	Cash flows	Non-cash changes						30.09.2021
			Acquisition of PP&E under lease agreements	Dissolution of lease agreement	Exchange rate differences	Accrued interest	Resolution concerning payment of a dividend	Assignment of own shares	
Lease liabilities	17 719	(1 018)	143	(18)	72	101	-	-	16 999
Total	17 719	(1 018)	143	(18)	72	101	-	-	16 999

	01.01.2021	Cash flows	Non-cash changes						30.09.2021
			Acquisition of PP&E under lease agreements	Dissolution of lease agreement	Exchange rate differences	Accrued interest	Resolution concerning payment of a dividend	Assignment of own shares	
Lease liabilities	18 939	(3 061)	551	(18)	147	441	-	-	16 999
Liabilities due to shareholders related to payment of a dividend	-	(503 694)	-	-	-	-	503 694	-	-
Receivables from entitled parties in the framework of the incentive program	-	2 149	-	-	-	-	-	(2 149)	-
Total	18 939	(504 606)	551	(18)	147	441	503 694	(2 149)	16 999

	01.07.2020	Cash flows	Non-cash changes					30.09.2020	
			Acquisition of PP&E under lease agreements	Dissolution of lease agreement	Exchange rate differences	Accrued interest	Resolution concerning payment of a dividend		Assignment of own shares
Lease liabilities	19 565	(858)	806	-	(96)	101	-	-	19 518
Liabilities related to purchase of own shares*	-	(214 259)	-	-	-	-	214 259	-	-
Receivables from entitled parties in the framework of the incentive program*	-	126 124	-	-	-	-	-	(126 124)	-
Total	19 565	(88 993)	806	-	(96)	101	214 259	(126 124)	19 518

* adjusted

	01.01.2020	Cash flows	Non-cash changes					30.09.2020	
			Acquisition of PP&E under lease agreements	Dissolution of lease agreement	Exchange rate differences	Accrued interest	Resolution concerning payment of a dividend		Assignment of own shares
Lease liabilities	19 905	(2 531)	1 839	-	(1)	306	-	-	19 518
Liabilities related to purchase of own shares*	-	(214 259)	-	-	-	-	214 259	-	-
Receivables from entitled parties in the framework of the incentive program*	-	126 124	-	-	-	-	-	(126 124)	-
Total	19 905	(90 666)	1 839	-	(1)	306	214 259	(126 124)	19 518

* adjusted

Note 31. Events following the balance sheet date

On 20 October 2021, in [Current Report no. 39/2021](#) the Management Board of the parent Company announced an update to publishing plans related to Cyberpunk 2077 and The Witcher 3: Wild Hunt for next-gen consoles (Xbox Series X/S and PlayStation 5). Based on recommendations from people in charge of development, the Management Board decided to allocate additional time to both projects. The Company currently intends to release Cyberpunk 2077 for next-gen consoles in the first quarter of 2022 and to publish the next-gen version of The Witcher 3: Wild Hunt in the second quarter of 2022.

On 22 October 2021, in [Current Report no. 40/2021](#), the Management Board of the parent Company announced conclusion of negotiations with members of The Molasses Flood LLC with a registered office in Newton Centre, USA (hereinafter referred to as "The Molasses Flood") concerning acquisition of The Molasses Flood and inclusion of the studio in the CD PROJEKT Group. The studio will work on a separate project based on one of CD PROJEKT's IPs.

The parties agreed that The Molasses Flood would be acquired by a direct subsidiary of CD PROJEKT S.A., i.e. CD PROJEKT Inc. with a registered office in Venice, USA. On 22 October 2021 an investment agreement was concluded between both parties, concerning purchase of 60% of The Molasses Flood and specifying a schedule of transactions which would lead to buyout of the remaining part of the studio and inclusion of its employees in the CD PROJEKT Group's organizational structure.

With the conclusion of negotiations and signing of the investment agreement, the Management Board of the parent Company took steps to increase the capital of CD PROJEKT Inc. to facilitate the first stage of acquisition of The Molasses Flood.

On 26 November 2021, in [Current Report no. 41/2021](#) the Management Board of the Company announced that it had received a certified copy of a Supreme Court decision issued on 24 November 2021 in closed session, in which the Court dismisses the cassation appeal filed by the Company against the judgment of the Appellate Court in Kraków of 21 December 2018 in the Company's lawsuit against the State Treasury for damages incurred by the Company (then operating under the name Optimus S.A.) as a result of erroneous decisions of tax authorities. The cassation appeal dismissed by the Supreme Court concerned the portion of the judgment which reversed the earlier judgment of the District Court in Kraków (announced on 1 August 2014, in [Current Report no. 13/2014](#)) by dismissing the lawsuit, as well as the portion in which the judgment dismissed the Company's appeal concerning the costs of legal proceedings.



CD PROJEKT

Supplementary information

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Legal proceedings

The following legal proceedings were ongoing during the reporting period (the reported status is valid as of the publication date of this report):

Litigation in which CD PROJEKT S.A. is the plaintiff or claimant

CD PROJEKT S.A. (formerly Optimus S.A.) vs. State Treasury

On 15 February 2006 the Management Board of Optimus S.A. filed a complaint in the District Court for the City of Kraków, 1st Civil Department seeking monetary damages from the State Treasury in the amount of 35 650.6 thousand PLN in relation to decisions issued by the Inspector of Treasury Control concerning VAT liabilities allegedly incurred by the Company's legal predecessor. On 24 November 2003 the Supreme Administrative Court in Warsaw vacated these decisions as unlawful.

On 9 December 2008 the District Court for the City of Kraków issued an interlocutory judgment holding the Optimus claim valid in rem. This judgment concerned the validity of the Company's claim for monetary damages. On 19 May 2009 this judgment was vacated by the Appellate Court for the City of Kraków, 1st Civil Department, which remanded the case to the District Court for further proceedings.

On 1 August 2014 the District Court for the City of Kraków issued a final judgment closing the proceedings in the court of first instance. The District Court's judgment awarded the Company 1 090.5 thousand PLN plus statutory interest for the period between 15 November 2005 and the remittance date, dismissing the lawsuit on all other counts.

On 9 October 2014 the Company filed an appeal against the District Court's judgment with regard to those sections in which the District Court dismissed the Company's claims, and also the section concerning the cost of legal proceedings associated with the case. A parallel appeal against the section in which the District Court affirms the Company's claims was filed by the State Treasury. On 21 December 2018 the Appellate Court altered the judgment of the court of first instance by dismissing the Company's lawsuit in its entirety.

The Company subsequently filed a cassation appeal against the portion of the judgment which reverses the earlier judgment of the District Court in Kraków by dismissing the lawsuit, as well as the portion in which the judgment dismisses the Company's appeal concerning the costs of legal proceedings.

On 24 November 2021, in closed session, the Supreme Court dismissed the Company's cassation appeal in its entirety. As of the publication date of this report the Company was unable to familiarize itself with the justification behind this decision.

Criminal cases in which CD PROJEKT S.A. is recognized as the victim

Case against natural persons (including former members of the Management Board of Optimus S.A.) for acting against the Company's interests

In case no. XVIII K 126/09, following indictment filed by the District Attorney in the District Court for the City of Warsaw, on 27 October 2016 the District Court convicted Mr. Michał L., Mr. Piotr L. and Mr. Michał D. of violating sections 296 §1, 296 §3 and others of the Penal Code. The Company acted as an auxiliary prosecutor in the court of first instance and will retain this status until the trial has concluded. Having found the defendants guilty, the Court awarded the Company 210 thousand PLN in damages under Art. 46 of the Penal Code. According to the operative part of the judgement total losses sustained by the Company as a result of the defendants' actions were estimated at not less than 16 million PLN (this figure follows from standard regulations applicable to criminal trials). The Company subsequently filed an appeal against the judgment, contesting, among others, the amount of damages awarded to the Company. On 26 October 2017 the Appellate Court vacated the judgment of the court of first instance and remanded the case to be retried in full. The parent company continues to act in the capacity of an auxiliary prosecutor. The District Court in Warsaw has scheduled the main hearing in this case for 14 December 2021.

Litigation in which CD PROJEKT S.A. is named as the defendant

Class action lawsuit against CD PROJEKT S.A. concerning US securities

On 25 December 2020 and subsequently on 15 January 2021 the Management Board of the Company received information concerning the filing of civil class action lawsuits in the US District Court for the Central District of California, by law firms acting on behalf of groups of holders of securities traded in the USA under the ticker symbols "OTGLY" and "OTGLF" and based on Company shares, whereby the plaintiffs call for the court to adjudicate whether the actions undertaken by the Company and members of its Management Board in connection with the release of Cyberpunk 2077 constituted a violation of federal laws, i.e. by misleading investors and, consequently, causing them to incur damages. In subsequent months the Company was notified of two additional lawsuits filed in the aforementioned court, which were materially consistent with the lawsuit described above, and also named CD PROJEKT as a defendant. None of the complaints specified the quantity of damages sought.

On 18 May 2021 the Company was notified that the court had consolidated the aforementioned lawsuits and named a lead plaintiff. Following consolidation, all four lawsuits will be merged into a single case.

On 29 June 2021 the Company announced that it had received a transcript of a lawsuit filed against itself and members of its Management Board by a law firm representing the lead plaintiff and other eligible holders of US securities traded under the ticker symbols "OTGLY" and "OTGLF". The lawsuit is not materially different from earlier lawsuits filed in this matter, and likewise, does not specify the amount of damages sought.

As mandated by rules governing pre-trial proceedings in the state of California, each side filed two pleadings related to the subject matter of the lawsuit, and both sides are currently waiting for the Court to determine whether it has jurisdiction to try the case.

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 parent Company share capital and in the total number of votes at the GM was calculated on the basis of the most recent notification submitted to the Company by its shareholders and the total share capital of the parent Company as of the publication date of this statement.

Changes in shareholding structure of the parent entity

None reported.

Parent 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 30.09.2021	As of 29.11.2021
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 Szwarc	Chairwoman of the Supervisory Board	10	10	10
Maciej Nielubowicz	Supervisory Board Member	51	51	51

Persons with supervisory and managerial responsibilities at CD PROJEKT S.A. do not directly hold any shares in CD PROJEKT S.A.'s affiliates.

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	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
Sales revenues		103 206	470 379	62 840	318 598
Revenues from sales of products		101 643	461 621	58 874	286 974
Revenues from sales of services		509	4 137	366	1 316
Revenues from sales of goods and materials		1 054	4 621	3 600	30 308
Cost of products, services, goods and materials sold		23 017	111 571	8 021	41 979
Cost of products and services sold		21 871	106 873	5 270	17 235
Cost of goods and materials sold		1 146	4 698	2 751	24 744
Gross profit (loss) from sales		80 189	358 808	54 819	276 619
Selling costs		41 455	144 423	21 415	71 443
General and administrative costs		19 657	66 606	6 106	26 832
Other operating revenues		5 238	10 371	2 050	6 502
Other operating expenses		2 804	8 497	1 913	8 721
(Impairment)/reversal of impairment of financial instruments		(5)	(6)	2	(73)
Operating profit (loss)		21 506	149 647	27 437	176 052
Financial revenues		10 783	7 717	3 038	12 486
Financial expenses		9 199	12 393	3 187	7 313
Profit (loss) before tax		23 090	144 971	27 288	181 225
Income tax	A	1 403	12 919	4 105	16 768
Net profit (loss)		21 687	132 052	23 183	164 457
Net earnings per share (in PLN)					
Basic for the reporting period		0.22	1.31	0.24	1.71
Diluted for the reporting period		0.22	1.31	0.23	1.64

Condensed interim separate statement of comprehensive income

	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
Net profit/(loss)	21 687	132 052	23 183	164 457
Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria	1 793	3 571	226	318
Estimation of financial instruments at fair value through other comprehensive income, adjusted for tax effects	1 793	3 571	226	318
Other comprehensive income which will not be entered as profit (loss)	-	-	-	-
Total comprehensive income	23 480	135 623	23 409	164 775

Condensed interim separate statement of financial position

	Note	30.09.2021	30.06.2021	31.12.2020*
FIXED ASSETS		901 549	926 144	738 694
Property, plant and equipment		98 786	97 548	101 050
Intangibles		59 672	59 977	60 125
Expenditures on development projects		360 242	360 775	384 625
Investment properties		61 967	61 970	48 841
Goodwill	C	49 168	49 168	49 168
Shares in subsidiaries excluded from consolidation		34 030	25 888	24 567
Deferrals		5 148	5 293	5 535
Other financial assets	G	173 908	212 150	53 465
Deferred income tax assets	A	58 589	53 338	11 286
Other receivables	F,G	39	37	32
WORKING ASSETS		1 138 352	1 121 886	2 006 389
Inventories		13 714	13 787	3 827
Trade receivables	F,G	42 877	131 182	1 255 867
Other receivables	F	122 062	115 686	48 922
Deferrals		4 640	4 247	3 366
Other financial assets	G	280 474	208 026	107 125
Bank deposits (maturity beyond 3 months)	G	50 073	50 073	164 368
Cash and cash equivalents	G	624 512	598 885	422 914
TOTAL ASSETS		2 039 901	2 048 030	2 745 083

* adjusted



	Note	30.09.2021	30.06.2021	31.12.2020*
EQUITY		1 788 063	1 755 642	2 127 165
Share capital	21**	100 739	100 739	100 655
Supplementary capital		1 366 952	1 366 952	737 542
Supplementary capital from sale of shares above nominal value		115 909	115 909	113 844
Other reserve capital		76 590	65 856	47 068
Retained earnings		(4 179)	(4 179)	-
Net profit (loss) for the reporting period		132 052	110 365	1 128 056
LONG-TERM LIABILITIES		20 253	20 320	164 990
Other financial liabilities	G	14 543	14 482	14 917
Other liabilities		2 920	2 980	3 173
Deferred revenues		2 413	2 481	910
Provisions for employee benefits and similar liabilities		377	377	377
Other provisions	B	-	-	145 613
SHORT-TERM LIABILITIES		231 585	272 068	452 928
Other financial liabilities	G	14 267	6 183	2 053
Trade liabilities	G	16 253	14 896	73 024
Current income tax liabilities		54 924	54 409	1 296
Other liabilities		3 717	4 057	4 933
Deferred revenues		31 713	32 630	42 286
Provisions for employee benefits and similar liabilities		3	3	3
Other provisions	B	110 708	159 890	329 333
TOTAL EQUITY AND LIABILITIES		2 039 901	2 048 030	2 745 083

* 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 – 30.09.2021								
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	-	-	-	-	26 820	-	-	26 820
Allocation of net profit/coverage of losses	-	628 541	-	-	-	(628 541)	-	-
Payment in own shares	84	869	2 065	-	(869)	-	-	2 149
Dividend payment	-	-	-	-	-	(503 694)	-	(503 694)
Total comprehensive income	-	-	-	-	3 571	-	132 052	135 623
Equity as of 30.09.2021	100 739	1 366 952	115 909	-	76 590	(4 179)	132 052	1 788 063

The Company has rectified its calculation of deferred tax assets for 31 December 2020, reclassifying some of the negative temporary differences from the 19% tax rate category to the 5% tax rate category. This resulted in a decrease in Equity 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 – 30.09.2020*								
Equity as of 01.01.2020	96 120	744 463	3 861	-	54 655	172 826	-	1 071 925
Cost of incentive program	-	-	-	-	7 930	-	-	7 930
Dissolution of reserve capital from past years created to finance purchase of own shares	-	549	-	-	(549)	-	-	-
Creation of reserve capital to finance purchase of own shares	-	(250 000)	-	-	250 000	-	-	-
Purchase of own shares in the implementation of incentive program	-	214 259	-	(214 259)	(214 259)	-	-	(214 259)
Payment in own shares	-	(197 385)	-	214 259	(5 267)	-	-	11 607
Allocation of net profit/ coverage of losses	-	172 826	-	-	-	(172 826)	-	-
Total comprehensive income	-	-	-	-	318	-	164 457	164 775
Equity as of 30.09.2020	96 120	684 712	3 861	-	92 828	-	164 457	1 041 978

* adjusted

The Company adjusted the presentation of the effect of the vesting of its incentive program for 2012-2015. As a result of this change, the "Other reverse capital" line item was adjusted downward by 3 861 thousand PLN, while the "Supplementary capital from sale of shares above nominal value" was adjusted upward by the same amount.

Condensed interim separate statement of cash flows

	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
OPERATING ACTIVITIES				
Net profit (loss)	21 687	132 052	23 183	164 457
Total adjustments:	72 617	899 472	94 448	214 077
Depreciation of PP&E, intangibles, expenditures on development projects and investment properties	3 092	9 588	1 415	3 938
Depreciation of expenditures on development projects recognized as cost of products and services sold	21 521	65 205	4 992	16 189
Profit (loss) from exchange rate differences	(9 729)	(11 787)	1 473	2 501
Interest and profit sharing	(43)	245	(1 333)	(5 361)
Profit (loss) from investment activities	9 461	14 032	(990)	(4 689)
Change in provisions	(49 399)	(276 146)	2 969	(2 878)
Change in inventories	73	(9 887)	(224)	(3 861)
Change in receivables	88 651	1 148 644	27 018	99 616
Change in liabilities excluding credits and loans	982	(57 601)	(7 347)	(6 061)
Change in other assets and liabilities	(1 293)	(10 137)	65 809	105 202
Other adjustments	9 301	27 316	666	9 481
Cash flows from operating activities	94 304	1 031 524	117 631	378 534
Income tax on pre-tax profit (loss)	1 720	13 233	460	13 096
Withholding tax paid abroad	(317)	(314)	3 645	3 672
Income tax (paid)/reimbursed	(6 456)	(6 806)	19 278	9 481
Net cash flows from operating activities	89 251	1 037 637	141 014	404 783

	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
INVESTMENT ACTIVITIES				
Inflows	808	241 867	362 564	630 221
Sales of PP&E and intangibles	54	829	-	15
Expenditures on development projects transferred under a consortium agreement	152	152	-	185
Sale of shares in subsidiary	19	19	-	-
Repayment of loans granted	93	1 105	261	834
Closing bank deposits (maturity beyond 3 months)	-	164 368	314 546	577 228
Maturation of bonds	-	66 628	45 135	45 135
Interest on bonds received	445	725	-	33
Inflows from settlement of forward contracts	-	7 887	1 194	1 194
Other inflows from investment activities	45	154	1 428	5 597
Outflows	63 654	573 997	373 618	804 585
Purchases of intangibles and PP&E	5 554	23 741	2 611	14 061
Expenditures on development projects	26 506	135 443	50 077	160 207
Purchase of investment properties and activation of future costs	617	2 022	2 623	6 716
Loans granted	600	4 340	1 000	3 000
Acquisition of subsidiary	7 679	7 679	-	-
Purchase of bonds and the associated purchase fees	22 623	350 699	17 261	176 214
Opening bank deposits (maturity beyond 3 months)	-	50 073	300 046	444 379
Outflows from maturation of forward contracts	75	-	-	-
Other outflows from investment activities	-	-	-	8
Net cash flows from investment activities	(62 846)	(332 130)	(11 054)	(174 364)
FINANCIAL ACTIVITIES				
Inflows	10	2 179	126 124	126 124
Net inflows from sale and issue of shares in the exercise of rights assigned under the incentive program	-	2 149	126 124	126 124
Collection of receivables arising from financial lease agreements	10	30	-	-
Outflows	788	506 088	214 892	216 068
Purchase of own shares in the exercise of entitlements assigned under the incentive program	-	-	214 259	214 259
Dividends and other payments to equity holders	-	503 694	-	-
Payment of liabilities arising from lease agreements	704	2 009	557	1 589
Interest payments	84	385	76	220
Net cash flows from financial activities	(778)	(503 909)	(88 768)	(89 944)
Total net cash flows	25 627	201 598	41 192	140 475
Balance of changes in cash and cash equivalents	25 627	201 598	41 192	140 475
Cash and cash equivalents at beginning of period	598 885	422 914	113 469	14 186
Cash and cash equivalents at end of period	624 512	624 512	154 661	154 661

Clarifications regarding the separate statement of cash flows

	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
The “other adjustments” line item comprises:	9 301	27 316	666	9 481
Cost of incentive program	8 458	25 017	-	7 721
Depreciation aggregated with selling costs, consortium settlements and other operating expenses	861	2 317	666	1 760
Other adjustments	(18)	(18)	-	-

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 July and 30 September 2021.

Presentation adjustments

This condensed interim separate financial statement for the period between 1 July and 30 September 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 December 2020. The following adjustments were made:

- 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.

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

This change did not affect the Company’s financial result or equity.

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

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	30.09.2021
Provisions for other employee benefits	380	-	-	380
Provisions for compensation dependent on financial result, and other compensation	190 040	(167 166)	-	22 874
Tax loss	226 106	-	-	226 106
Negative exchange rate differences	23 810	(18 466)	-	5 344
Difference between balance sheet value and tax value of expenditures on development projects	3 043	912	-	3 955
Compensation and social security payable in future reporting periods	23	(5)	-	18
Other provisions	220 327	(84 794)	-	135 533
R&D tax relief	309 826	-	-	309 826
Advance payments recognized as taxable income	4 036	(1 354)	-	2 682
Total negative temporary differences	977 591	(270 873)	-	706 718
subject to 5% tax rate	647 098	(263 375)	-	383 723
subject to 19% tax rate	330 493	(7 498)	-	322 995
Deferred tax assets	95 149	(14 594)	-	80 555

* 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	30.09.2021
Difference between net balance sheet value and net tax value of PP&E and intangibles	13 216	585	-	13 801
Revenues obtained in the current period but invoiced in future periods	1 201 113	(1 162 794)	-	38 319
Positive exchange rate differences	21 577	(6 197)	-	15 380
Estimation of bonds	610	(506)	(104)	-
Estimation of forward contracts	6 835	(6 835)	-	-
Difference between balance sheet value and tax value of expenditures on development projects	289 019	(1 157)	-	287 862
Other sources	70	133	-	203
Total positive temporary differences	1 532 440	(1 176 771)	(104)	355 565
subject to 5% tax rate	1 480 720	(1 155 072)	-	325 648
subject to 19% tax rate	51 720	(21 699)	(104)	29 917
Deferred tax liabilities	83 863	(61 877)	(20)	21 966

* 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

	30.09.2021	30.06.2021	31.12.2020*
Deferred tax assets	80 555	80 537	95 149
Deferred tax liabilities	21 966	27 199	83 863
Net deferred tax – assets/(liabilities)	58 589	53 338	11 286

* adjusted

Income tax reported in profit and loss account

	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
Current income tax, including:	6 654	60 119	6 000	21 134
withholding tax paid abroad	(317)	(314)	3 645	3 672
Change in deferred income tax	(5 251)	(47 200)	(1 895)	(4 366)
Income tax reported in profit and loss account	1 403	12 919	4 105	16 768

B. Other provisions

	30.09.2021	30.06.2021	31.12.2020*
Provisions for returns	33 247	85 985	194 537
Provisions for liabilities, including:	77 461	73 905	280 409
provisions for audits and reviews of financial statements	-	60	45
provisions for compensation dependent on financial result, and other compensation	25 481	21 889	246 278
provisions for other expenses	51 980	51 956	34 086
Total, including:	110 708	159 890	474 946
short-term provisions	110 708	159 890	329 333
long-term provisions	-	-	145 613

Changes in other provisions

	Provisions for returns	Provisions for compensation dependent on financial result, and other compensation	Other provisions	Total
As of 01.01.2021	194 537	246 278	34 131	474 946
Provisions created during financial year	42 635	27 647	50 117	120 399
Provisions consumed	121 499	246 937	31 912	400 348
Provisions dissolved	82 426	1 507	356	84 289
As of 30.09.2021, including:	33 247	25 481	51 980	110 708
short-term provisions	33 247	25 481	51 980	110 708
long-term provisions	-	-	-	-

C. Goodwill

No changes in goodwill occurred between 1 July and 30 September 2021.

D. Business combinations

The Company did not merge with any other entity between 1 July and 30 September 2021.

E. Dividends paid out (or declared) and collected

The Company did not collect or pay out any dividends between 1 July and 30 September 2021.

F. Trade and other receivables

	30.09.2021	30.06.2021	31.12.2020
Gross trade and other receivables	165 816	247 764	1 305 679
Impairment allowances	838	859	858
Trade and other receivables	164 978	246 905	1 304 821
from affiliates	4 573	4 795	62 369
from external entities	160 405	242 110	1 242 452

Changes in impairment allowances on receivables

	Trade receivables	Other receivables	Total
OTHER ENTITIES			
Impairment allowances as of 01.01.2021	126	732	858
Increases, including:	11	-	11
creation of allowances on past-due and contested receivables	11	-	11
Reductions, including:	31	-	31
use of impairment allowances	27	-	27
dissolution of impairment allowances	4	-	4
Impairment allowances as of 30.09.2021	106	732	838

Current and overdue trade receivables as of 30.09.2021

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
AFFILIATES							
gross receivables	2 772	2 594	178	-	-	-	-
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	2 772	2 594	178	-	-	-	-



	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	40 211	37 909	1 669	487	-	-	146
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	106	-	-	-	-	-	106
total expected credit loss	106	-	-	-	-	-	106
Net receivables	40 105	37 909	1 669	487	-	-	40
Total							
gross receivables	42 983	40 503	1 847	487	-	-	146
impairment allowances	106	-	-	-	-	-	106
Net receivables	42 877	40 503	1 847	487	-	-	40

Other receivables

	30.09.2021	30.06.2021	31.12.2020
Other gross receivables, including:	122 833	116 455	49 686
tax returns except corporate income tax	84 961	81 890	18 139
advance payments associated with expenditures on development projects	32 809	26 088	24 353
advance payments for supplies	2 066	4 721	3 962
consortium settlements	1 800	2 458	2 073
deposits	301	298	296
advance payments for PP&E and intangibles	60	196	38
advance payments for investment properties	79	57	70
employee settlements	7	4	5
settlements with management board members	-	-	7
other	18	11	11
Impairment allowances	732	732	732
Other receivables, including:	122 101	115 723	48 954
short-term receivables	122 062	115 686	48 922
long-term receivables	39	37	32

G. 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 30 September 2021, 30 June 2021 and 31 December 2020 respectively.

	30.09.2021	30.06.2021	31.12.2020
LEVEL 1			
Assets estimated at fair value			
Financial assets estimated at fair value through other comprehensive income	220 301	198 272	97 397
foreign government bonds – CHF	-	-	32 023
foreign government bonds – EUR	24 672	13 218	20 829
foreign government bonds – USD	195 629	185 054	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:	13 230	4 518	-
forward currency contracts – EUR	358	(64)	-
forward currency contracts – USD	12 872	4 582	-

Financial instruments 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

	30.09.2021	30.06.2021	31.12.2020
Financial assets estimated at amortized cost	951 582	1 002 081	1 899 925
Other long-term receivables	39	37	32
Trade receivables	42 877	131 182	1 255 867
Cash and cash equivalents	624 512	598 885	422 914
Bank deposits (maturity beyond 3 months)	50 073	50 073	164 368
State Treasury bonds	223 593	211 961	49 588
Loans granted	10 488	9 943	7 156
Financial assets estimated at fair value through other comprehensive income	220 301	198 272	97 397
Foreign government bonds	220 301	198 272	97 397
Financial assets estimated at fair value through financial result	-	-	6 449
Derivative financial instruments	-	-	6 449
Total financial assets	1 171 883	1 200 353	2 003 771

**Financial liabilities – classification and estimation**

	30.09.2021	30.06.2021	31.12.2020
Financial liabilities held at amortized cost	31 833	31 043	89 994
Trade liabilities	16 253	14 896	73 024
Other financial liabilities	15 580	16 147	16 970
Financial liabilities held at fair value through financial result	13 230	4 518	-
Derivative financial instruments	13 230	4 518	-
Total financial liabilities	45 063	35 561	89 994

H. Transactions with affiliates

	Sales to affiliates				Purchases from affiliates			
	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020
SUBSIDIARIES								
GOG sp. z o.o.	2 073	10 289	1 170	6 866	293	1 691	165	340
CD PROJEKT Inc.	113	397	173	460	2 427	9 512	9 819	13 110
CD PROJEKT Co., Ltd.	-	-	-	-	1 016	4 171	783	2 611
Spokko sp. z o.o.	684	1 031	187	318	-	-	-	-
CD PROJEKT RED STORE sp. z o.o.	155	740	279	935	20	108	2	45
CD PROJEKT RED Vancouver Studio Ltd.	-	-	-	-	1 648	1 648	-	-
MANAGEMENT BOARD MEMBERS								
Marcin Iwiński	2	18	3	6	-	-	-	-
Adam Kiciński	-	4	1	3	-	-	-	-
Piotr Nielubowicz	1	5	1	4	-	-	-	-
Michał Nowakowski	1	11	2	8	-	-	-	-
Adam Badowski	-	1	1	4	-	-	-	-
Piotr Karwowski	-	1	-	-	-	-	-	-

	Receivables from affiliates			Liabilities due to affiliates		
	30.09.2021	30.06.2021	31.12.2020	30.09.2021	30.06.2021	31.12.2020
SUBSIDIARIES						
GOG sp. z o.o.	3 538	3 659	61 660	254	136	181
CD PROJEKT Inc.	780	1 155	1 834	827	592	558
CD PROJEKT Co., Ltd.	-	-	-	345	353	557
Spokko sp. z o.o.	9 498	8 464	4 601	-	-	-
CD PROJEKT RED STORE sp. z o.o.	1 245	1 460	1 423	16	8	202
CD PROJEKT RED Vancouver Studio Ltd.	-	-	-	684	-	-
MANAGEMENT BOARD MEMBERS						
Marcin Iwiński	-	-	5	-	-	-
Adam Kiciński	-	-	-	9	-	-
Piotr Nielubowicz	-	-	2	-	-	-
Michał Nowakowski	-	-	-	5	-	1

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.

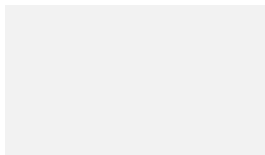
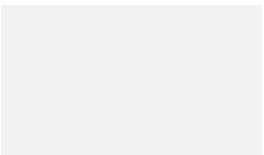
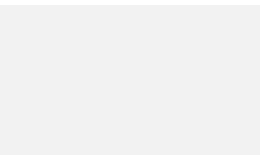
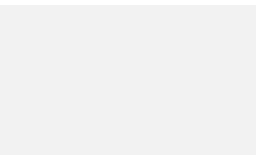
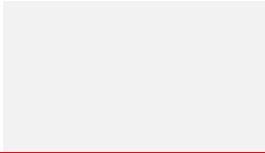
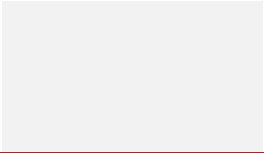
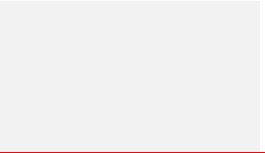
With regard to the entity contracted to perform a review of the condensed interim consolidated financial statement

On 14 May 2020 the Supervisory Board of the parent Company concurred with the Audit Committee recommendation and selected Grant Thornton Polska sp. z o.o. sp. k. with a registered office in Poznań as the entity contracted to review the semiannual financial statements and to perform an audit of the annual financial statements of the Company and its Group for 2020 and 2021. Grant Thornton Polska sp. z o.o. sp. k. is authorized to conduct audits of financial statements by the National Chamber of Licensed Auditors (license no. 4055).

Approval of financial statement

This financial statement covering the period between 1 July and 30 September 2021 was signed and approved for publication by the Management Board of CD PROJEKT S.A. on 29 November 2021.

Warsaw, 29 November 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	



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