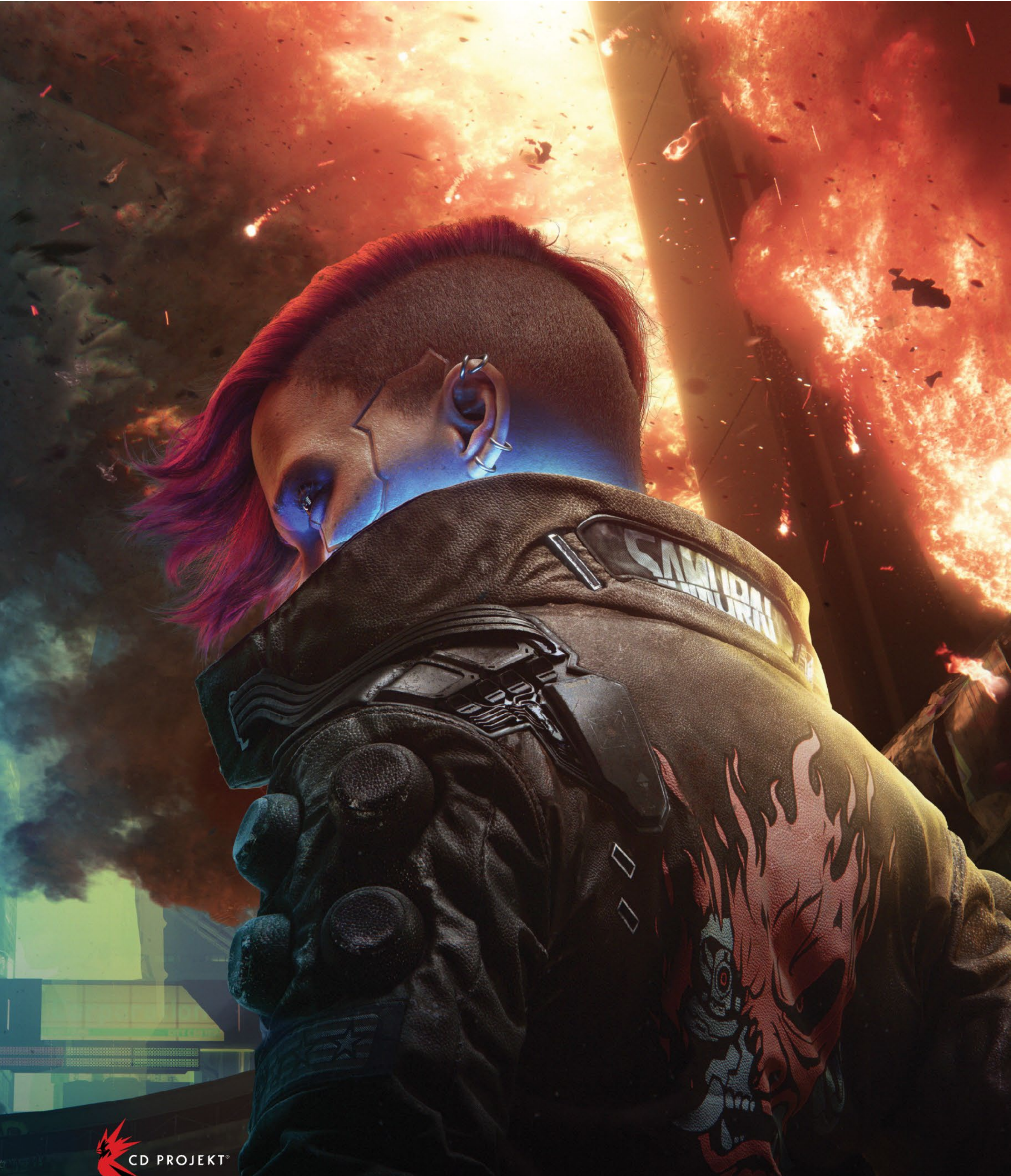


SEPARATE FINANCIAL STATEMENT OF CD PROJEKT S.A. FOR 2021

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.

Selected financial highlights (converted into EUR)

	PLN		EUR	
	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020*	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020*
Revenues from sales of products, services, goods and materials	692 196	1 883 645	151 217	421 002
Cost of products, services, goods and materials sold	111 002	338 760	24 249	75 714
Operating profit (loss)	265 323	1 128 943	57 962	252 323
Profit (loss) before tax	254 234	1 138 836	55 540	254 534
Net profit (loss) attributable to equity holders of parent entity	240 113	1 128 056	52 455	252 125
Net cash flows from operating activities	1 039 282	595 080	227 041	133 003
Net cash flows from investment activities	(611 597)	(95 911)	(133 609)	(21 437)
Net cash flows from financial activities	(504 804)	(90 441)	(110 279)	(20 214)
Total net cash flows	(77 119)	408 728	(16 847)	91 352
Stock volume (thousands)	100 718	96 461	100 718	96 461
Net earnings per share (PLN/EUR)	2.38	11.69	0.52	2.61
Diluted net earnings per share (PLN/EUR)	2.38	11.23	0.52	2.51
Book value per share (PLN/EUR)	18.56	22.05	4.03	4.78
Diluted book value per share (PLN/EUR)	18.55	21.17	4.03	4.59
Declared or paid out dividend per share (PLN/EUR)	5.00	-	1.09	-

** adjusted*

	PLN		EUR	
	31.12.2021	31.12.2020*	31.12.2021	31.12.2020*
Total assets	2 061 164	2 745 083	448 138	594 843
Liabilities and provisions for liabilities (less accrued charges)	162 670	574 722	35 368	124 539
Long-term liabilities	29 756	164 990	6 470	35 752
Short-term liabilities	162 359	452 928	35 300	98 147
Equity	1 869 049	2 127 165	406 368	460 944
Share capital	100 739	100 655	21 903	21 811

** adjusted*

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

- Elements of the separate profit and loss account and separate 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: 4.5775 PLN/EUR for the period between 1 January and 31 December 2021, and 4.4742 PLN/EUR for the period between 1 January and 31 December 2020 respectively.

- Assets and liabilities listed in the separate 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: 4.5994 PLN/EUR on 31 December 2021 and 4.6148 PLN/EUR on 31 December 2020 respectively.

CD PROJEKT

Table of contents

Primary financial data of CD PROJEKT S.A. ... 6

- Profit and loss account ... 7
- Statement of comprehensive income ... 7
- Statement of financial position ... 8
- Statement of changes in equity ... 10
- Statement of cash flows ... 12

Clarifications regarding the separate financial statement ... 14

- General information ... 15
- Changes in accounting policies ... 15
- Assumption of going concern ... 15
- Regulated market listings ... 16
- Compliance with International Financial Reporting Standards ... 16
  - Changes in standards or interpretations in force, applied by the Company starting in 2021 ... 16
- Description of applicable accounting practices ... 18
  - Operating revenues and expenses ... 18
  - Financial revenues and expenses ... 18
  - State subsidies ... 18
  - Current and deferred income tax ... 18
  - Value added tax ... 19
  - Property, plant and equipment ... 19
  - Intangibles - expenditures on development projects ... 19
  - Other intangibles ... 19
  - Goodwill ... 20
  - Business combinations under common control ... 20
  - Impairment of non-financial assets ... 20
  - Investment properties ... 20
  - Perpetual usufruct of land ... 21
  - Lease agreements ... 21
  - Investments in subsidiaries ... 21
  - Financial assets ... 21
  - Financial liabilities ... 22
  - Inventories ... 22
  - Trade and other receivables ... 22
  - Deferrals and accruals ... 22
  - Cash and other monetary assets ... 23
  - Assets held for sale and discontinued operations ... 23
  - Equity ... 23
  - Provisions for liabilities ... 23
  - Employee benefits ... 23
  - Loans granted ... 23
  - Trade and other liabilities ... 24
  - Dividend payments ... 24
- Functional currency and presentation currency ... 24
  - Functional currency and presentation currency ... 24
  - Transactions and balances ... 24
- Important values based on professional judgment and estimates ... 24
  - Professional judgment ... 24
  - Uncertainty of estimates ... 24
- Comparability of financial statements, changes in accounting policies and changes in estimates ... 26
  - Changes in accounting policies ... 26
  - Presentation changes ... 26

Supplementary information – additional notes and explanations concerning the separate financial statement ... 27

- Note 1. Sales revenues ... 28
- Note 2. Activity segments ... 29
- Note 3. Operating expenses ... 29
- Note 4. Other operating revenues and expenses ... 30
- Note 5. Financial revenues and expenses ... 31
- Note 6. Current and deferred income tax ... 32
- Note 7. Discontinued operations ... 35
- Note 8. Earnings per share ... 35
- Note 9. Dividends paid out (or declared) and collected ... 35
- Note 10. Disclosure of other components of the reported comprehensive income ... 35

Note 11. Property, plant and equipment ... 36
Note 12. Intangibles and expenditures on development projects ... 40
Note 13. Goodwill ... 43
Note 14. Investment properties ... 43
Note 15. Investments in subsidiaries ... 45
Note 16. Other financial assets ... 47
Note 17. Joint ventures ... 47
Note 18. Inventories ... 48
Note 19. Trade receivables ... 48
Note 20. Other receivables ... 52
Note 21. Prepaid expenses ... 53
Note 22. Cash and cash equivalents ... 54
Note 23. Share capital ... 54
Note 24. Own shares ... 55
Note 25. Other capital contributions ... 55
Note 26. Retained earnings ... 58
Note 27. Credits and loans ... 58
Note 28. Other financial liabilities ... 58
Note 29. Other long-term liabilities ... 59
Note 30. Trade liabilities ... 59
Note 31. Other short-term liabilities ... 60
Note 32. Internal Social Benefits Fund (ZFŚS): assets and liabilities ... 61
Note 33. Contingent liabilities ... 61
Note 34. Lease and sublease agreements ... 63
Note 35. Deferred revenues ... 65
Note 36. Provisions for employee benefits and similar liabilities ... 66
Note 37. Other provisions ... 67
Note 38. Disclosure of financial instruments ... 68
Note 39. Equity management ... 72
Nota 40. Employee share programs ... 72
Note 41. Transactions with affiliates ... 74
Note 42. Compensation of top management and Supervisory Board members ... 76
Note 43. Employment ... 76
Note 44. Activated borrowing costs ... 77
Nota 45. Fiscal settlements ... 77
Note 46. Events following the balance sheet date ... 77
Note 47. Disclosure of transactions with entities contracted to perform audits of financial statements ... 79
Note 48. Clarifications regarding the cash flow statement ... 79
Note 49. Cash flows and other changes resulting from financial activities ... 81
Note 50. Expenditures on development projects ... 83
Statement of the Management Board ... 83
Approval of financial statement ... 84

Primary financial data of CD PROJEKT S.A.

1

Profit and loss account

	Note	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020*
Sales revenues		**692 196**	**1 883 645**
Revenues from sales of products	1	678 566	1 786 270
Revenues from sales of services	1	5 502	1 840
Revenues from sales of goods and materials	1	8 128	95 535
Cost of products, services, goods and materials sold		**111 002**	**338 760**
Cost of products and services sold	3	102 946	249 476
Cost of goods and materials sold	3	8 056	89 284
Gross profit (loss) from sales		**581 194**	**1 544 885**
Selling costs	3	241 785	344 565
General and administrative costs	3	59 030	54 875
Other operating revenues	1,4	19 321	8 904
Other operating expenses	4	34 371	25 309
(Impairment)/reversal of impairment of financial instruments		(6)	(97)
Operating profit (loss)		**265 323**	**1 128 943**
Financial revenues	1,5	3 876	16 013
Financial expenses	5	14 965	6 120
Profit (loss) before tax		**254 234**	**1 138 836**
Income tax	6	14 121	10 780
Net profit (loss)		**240 113**	**1 128 056**
Net earnings per share (in PLN)			
Basic for the reporting period	8	2.38	11.69
Diluted for the reporting period	8	2.38	11.23

** adjusted*

Statement of comprehensive income

	Note	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020*
Net profit/(loss)		**240 113**	**1 128 056**
Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria	**10**	**4 342**	**442**
Estimation of financial instruments at fair value through other comprehensive income, adjusted for tax effects		4 342	442
Other comprehensive income which will not be entered as profit (loss)	**10**	**-**	**-**
Total comprehensive income		**244 455**	**1 128 498**

** adjusted*

(all figures quoted in PLN thousands unless indicated otherwise)

Statement of financial position

	Note	31.12.2021	31.12.2020*
FIXED ASSETS		**887 663**	**738 694**
Property, plant and equipment	11	99 632	101 050
Intangibles	12	59 086	60 125
Expenditures on development projects	12	347 822	384 625
Investment properties	14	61 436	48 841
Goodwill	12,13	49 168	49 168
Investments in subsidiaries	15	43 447	24 567
Deferrals	21	4 741	5 535
Other financial assets	16,38	178 540	53 465
Deferred income tax assets	6	43 418	11 286
Other receivables	20,38	373	32
WORKING ASSETS		**1 173 501**	**2 006 389**
Inventories	18	13 539	3 827
Trade receivables	19,38	123 821	1 255 867
Other receivables	20	113 163	48 922
Deferrals	21	4 015	3 366
Other financial assets	16,38	308 168	107 125
Bank deposits (maturity beyond 3 months)	38	265 000	164 368
Cash and cash equivalents	22,38	345 795	422 914
TOTAL ASSETS		**2 061 164**	**2 745 083**

** adjusted*

(all figures quoted in PLN thousands unless indicated otherwise)

	Note	31.12.2021	31.12.2020*
EQUITY		**1 869 049**	**2 127 165**
Share capital	23	100 739	100 655
Supplementary capital	25	1 366 952	737 542
Supplementary capital from sale of shares above nominal value	25	115 909	113 844
Other reserve capital	25	49 515	47 068
Retained earnings	26	(4 179)	-
Net profit (loss) for the reporting period		240 113	1 128 056
LONG-TERM LIABILITIES		**29 756**	**164 990**
Other financial liabilities	28,34,38	14 757	14 917
Other liabilities	29	2 860	3 173
Deferred revenues	35	6 403	910
Provisions for employee benefits and similar liabilities	36	368	377
Other provisions	37	5 368	145 613
SHORT-TERM LIABILITIES		**162 359**	**452 928**
Other financial liabilities	28,34,38	18 620	2 053
Trade liabilities	30,38	16 028	73 024
Current income tax liabilities		24 445	1 296
Other liabilities	31	4 059	4 933
Deferred revenues	35	23 042	42 286
Provisions for employee benefits and similar liabilities	36	5	3
Other provisions	37	76 160	329 333
TOTAL EQUITY AND LIABILITIES		**2 061 164**	**2 745 083**

** adjusted*

(all figures quoted in PLN thousands unless indicated otherwise)

Statement of changes in 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 current period	Total equity
01.01.2021 – 31.12.2021								
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	-	-	-	-	(1 025)	-	-	(1 025)
Payment in own shares	84	869	2 065	-	(869)	-	-	2 149
Dividend payments	-	-	-	-	-	(503 694)	-	(503 694)
Allocation of net profit/ coverage of losses	-	628 541	-	-	-	(628 541)	-	-
Total comprehensive income	-	-	-	-	4 341	-	240 113	244 454
Equity as of 31.12.2021	**100 739**	**1 366 952**	**115 909**	**-**	**49 515**	**(4 179)**	**240 113**	**1 869 049**

The Company has 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. As a result, the reported Equity was adjusted downward by 4 179 thousand PLN.

(all figures quoted in PLN thousands unless indicated otherwise)

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

** adjusted*

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

(all figures quoted in PLN thousands unless indicated otherwise)

Statement of cash flows

	Note	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020*
OPERATING ACTIVITIES			
Net profit (loss)		**240 113**	**1 128 056**
Total adjustments:	**48**	**802 191**	**(551 010)**
Depreciation of PP&E, intangibles, expenditures on development projects and investment properties		12 658	5 647
Depreciation of expenditures on development projects recognized as cost of products and services sold		82 736	248 164
Profit (loss) from exchange rate differences		(15 118)	2 223
Interest and profit sharing		(343)	(7 246)
Profit (loss) from investment activities		41 323	(5 438)
Change in provisions		(307 704)	359 214
Change in inventories		(9 712)	4 658
Change in receivables		1 067 693	(1 110 415)
Change in liabilities excluding credits and loans		(57 773)	47 553
Change in other assets and liabilities		(13 846)	(111 936)
Other adjustments		2 277	16 566
Cash flows from operating activities		**1 042 304**	**577 046**
Income tax on pre-tax profit (loss)		8 263	(2 982)
Withholding tax paid abroad		5 858	13 762
Income tax (paid)/reimbursed		(17 143)	7 254
Net cash flows from operating activities		**1 039 282**	**595 080**
INVESTMENT ACTIVITIES			
Inflows		**263 407**	**824 849**
Sales of intangibles and PP&E		1 015	17
Expenditures on development projects reassigned in the framework of a consortium agreement		152	312
Sales of subsidiary shares		19	-
Repayment of loans granted		5 301	1 049
Closing bank deposits (maturity beyond 3 months)		164 368	754 581
Maturation of bonds		82 715	59 426
Interest on bonds		1 703	115
Inflows from forward contracts		7 887	1 801
Other inflows from investment activities		247	7 548
Outflows		**875 004**	**920 760**
Purchases of intangibles and PP&E		27 789	16 321
Expenditures on development projects		155 265	196 100
Purchase of investment properties and activation of costs		2 085	8 336
Loans granted		7 339	4 500
Acquisition of subsidiary		7 679	-
Purchase of bonds and the associated purchasing costs		396 829	209 441
Opening bank deposits (maturity beyond 3 months)		265 000	486 054
Capital contributions to subsidiary		13 018	-
Other outflows from investment activities		-	8
Net cash flows from investment activities		**(611 597)**	**(95 911)**

** adjusted*

(all figures quoted in PLN thousands unless indicated otherwise)

	Note	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
FINANCIAL ACTIVITIES			
Inflows		**2 189**	**126 124**
Net inflows from sale of own shares and issue of stock in the exercise of options granted under the incentive program		2 149	126 124
Collection of receivables arising from financial lease agreements		40	-
Outflows		**506 993**	**216 565**
Purchase of own shares in order to enable exercise of options granted under the incentive program		-	214 259
Dividends and other payments due to equity holders		503 694	-
Payment of liabilities arising from lease agreements		2 834	2 015
Interest payments		465	291
Net cash flows from financial activities		**(504 804)**	**(90 441)**
Total net cash flows		**(77 119)**	**408 728**
Balance of changes in cash and cash equivalents		**(77 119)**	**408 728**
Cash and cash equivalents at beginning of period		**422 914**	**14 186**
Cash and cash equivalents at end of period		**345 795**	**422 914**

(all figures quoted in PLN thousands unless indicated otherwise)

Clarifications regarding the separate financial statement

2

General information

Name:	CD PROJEKT S.A.
Legal status:	Joint-stock company
Headquarters:	Jagiellońska 74, 03-301 Warsaw
Country of registration:	Poland
Principal scope of activity:	Development and publishing of videogames and the associated merchandise
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 company	Indefinite

Changes in accounting policies

The accounting practices applied in preparing this 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 accounting policies and presentation-related adjustments described in the section entitled "Comparability of financial statements, changes in accounting policies and changes in estimates".

Assumption of going concern

This separate financial statement is prepared under the assumption that the Company intends 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 separate financial statement, the Management Board of the Company 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 separate financial statement covering the period between 1 January and 31 December 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.

(all figures quoted in PLN thousands unless indicated otherwise)

Regulated market listings

General information

Stock exchange	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) Książęca 4 00-498 Warsaw
WSE ticker symbol	CDR

Depository and settlement system

Depository and settlement system	National Deposit for Securities (Krajowy Depozyt Papierów Wartościowych S.A.; KDPW) Książęca 4 00-498 Warsaw

Contact for investors

Investor relations	gielda@cdprojekt.com

Compliance with International Financial Reporting Standards

The Company's financial statement has been prepared in accordance with the International Financial Reporting Standards (hereinafter referred to as "IFRS") approved by the EU and applicable to annual reporting periods beginning on 1 January 2021.

Changes in standards or interpretations in force, applied by the Company starting in 2021

In preparing its separate financial statement for 2021 the Company applied the same accounting standards as in its separate financial statement for 2020 with exception of the following new and amended standards and interpretations approved by the European Union and applicable to reporting periods beginning on or after 1 January 2021:

- Amendments to ***MSSF 4*** *Insurance contracts* – postpones application of *IFRS 9 Financial instruments* until 1 January 2021, i.e. until *IFRS 17 Insurance contracts* comes into force.

- Amendments to ***IFRS 16*** *Leases* – in force since 1 April 2021 and applicable to reporting periods beginning or on after 1 January 2021.

  The change introduces a practical expedient which permits the entity to forgo assessing whether changes in future flows resulting from rent concessions granted by lessors and meeting certain criteria expressed in the standard constitute a "lease modification" under IFRS 16. The following conditions must be met in order for a concession to be eligible for this status:

  - the total revised consideration for the lease following the concession must be substantially the same or lower than prior to granting the concession,
  - the concession must apply to payments which were due on or before 30 June 2021 (although subsequent increases may fall beyond that date),
  - there is no substantive change to other terms and conditions of the lease.

(all figures quoted in PLN thousands unless indicated otherwise)

- Amendments to ***IFRS 9***, ***IAS 39***, ***IFRS 7***, ***IFRS 4***, ***IFRS 16*** – applicable to reporting periods beginning on or after 1 January 2021
  - In the case of estimation at amortized cost, changes in estimated flows resulting directly from the IBOR reform are treated in the same way as changes in variable interest rates, i.e. without affecting the P&L statement,
  - There is no need to discontinue hedge accounting if the only change results from the IBOR reforms and all other hedge accounting criteria are met; the change concerns the recognition of alternative benchmark rates in hedge accounting;
  - The issuer is obligated to disclose any risks arising due to the reform, along with details of its process of transitioning to alternative benchmark rates.

These amendments have no significant impact on the Company's accounting practices as relates to the Company's activities or its financial result.

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

The Management Board has carried out an analysis of the effect of new standards upon future financial statements. In approving this financial statement the Company did not apply the following standards, amendments and interpretations which have been published and approved by the UE but have not yet entered into force:

- Amendments to ***IAS 1*** and *Practice Statement 2*: *Disclosure of accounting policies* (published on 12 February 2021) – approved on 3 March 2022 and applicable to reporting periods beginning on or after 1 January 2023,
- Amendments to ***IAS 8*** *Accounting policies, changes in accounting estimates and errors* – approved on 3 March 2022 and applicable to reporting periods beginning on or after 1 January 2023,
- ***MSSF 17*** *Insurance contracts* – approved on 23 November 2021 and applicable to reporting periods beginning on or after 1 January 2023,
- Amendments to ***IFRS 3*** *Business combinations*, ***IAS 16*** *Property, plant and equipment*, ***IAS 37*** *Provisions, contingent liabilities and contingent assets*, and amendments to *IFRS 1*, *IFRS 9*, *IFRS 16* and *IAS 41* introduced in the annual IFRS improvement cycle (2018-2020) – approved on 31 August 2021 and applicable to reporting periods beginning on or after 1 January 2022.

The Company does not anticipate a significant effect of these changes upon its accounting practices as relates to the Company's activities or its financial result.

Standards and interpretations approved by the IASB but not yet approved by the EU

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

- Amendments to ***IAS 1*** *Presentation of financial statements: classification of liabilities as current or non-current* - 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 and applicable to annual reporting periods beginning on or after 1 January 2016. The European Commission has decided to withhold approval of this temporary standard for use in the UE until the final version of the standard is published. The standard had not been approved by the UE by the date of publication of this financial statement.
- ***MSSF 17*** *Insurance contracts* – initial application of *IFRS 17* and *IFRS 9* - applicable to reporting periods beginning on or after 1 January 2023,
- 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) – the EU has suspended work on approving these amendments indefinitely, and their date of entry into force has been postponed indefinitely by the International Accounting Standards Board,

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

Description of applicable accounting practices

Operating revenues and expenses

Revenues are defined as the gross receipts on any economic benefits from the reported period resulting from (ordinary) economic activities of the Company and leading to an increase in its equity other than from capital increases obtained through shareholder contributions.

The Company recognizes revenues by applying the so-called Five Step Model described in IFRS 15. Revenues only cover amounts received or receivable by the Company, equivalent to the transaction prices payable to the Company following (or during) discharge of its liability to transfer the contractually pledged goods or services (i.e. asset) to the client. The transaction price is defined as the remuneration which the Company expects to receive in return for transfer of the pledged goods or services, less the applicable value added tax.

With regard to licensing royalties associated with distribution of videogames, which constitute the Company's main source of revenues, these depend on the volume of sales carried out by each distributor throughout the reporting period. Consequently, for each product, the corresponding sales revenues can be recognized only after the Company has supplied all necessary materials enabling the finished game to be distributed, and the reported figures depend on sales reports periodically submitted by distributors.

In accordance with the principle of matching revenues and expenses, expenses associated with consumption of materials, goods and finished products, as well as costs of services, are reported in the same period as their corresponding sales revenues or revenues from services which these assets are part of.

Financial revenues and expenses

Financial revenues consist mainly of interest on bank deposits of monetary assets, commissions and interest on loans granted, penalty interest on overdue receivables, liabilities, dissolved provisions associated with financial activities, revenues from sales of securities, gains from exchange rate differences, reversal of impairment of financial investments, credit/loan write-offs and gains from revaluation of derivatives.

Financial expenses consist mainly of interest on outstanding credits and loans, penalty interest on overdue liabilities, provisions set aside to cover certain or probable losses from financial operations, purchase value of any securities sold, commissions and handling charges, impairment allowances on interest owed, short-term investment valuations, discounts and exchange rate differences related to financial activities (balance), and, in the case of lease agreements, any other payments except capital payments.

State subsidies

Subsidies are not recognized until there is a reasonable certainty that the Company will fulfill the necessary criteria and receive the subsidy. State subsidies predicated on the condition that the recipient purchases or produces certain PP&E assets are recognized in the statement of financial position in the deferred revenues line item and charged to the financial result systematically throughout the anticipate economic life of such assets.

Current and deferred income tax

The reported revenue is subject to compulsory taxation, whether current or deferred. Current tax is calculated on the basis of taxable income in a given financial year. Tax gain (or loss) differs from net accounting gain (or loss) due to temporal differences in recognition of revenues and expenses for fiscal and accounting purposes, as well as due to permanent differences in handling certain revenues and expenses with regard to their fiscal and accounting effects, as appropriate. Tax burden is calculated on the basis of tax rates valid for a given financial year. Current tax on items included directly in the equity capital is reported in the equity statement, as opposed to the profit and loss account.

Deferred tax is calculated using the balance sheet method as the amount payable or receivable as a result of the difference between the carrying amount of assets and liabilities and their corresponding tax base amounts.

Deferred income tax liabilities are recognized in correspondence with taxable positive temporary differences. Deferred tax assets are recognized up to the amount of probable reduction in future tax gains by any recognized negative temporary differences. A tax asset or liability is not recognized if the underlying temporary difference is due to goodwill or original recognition of another asset or liability in a transaction which does not affect the Company's taxable or accounting revenues.

Deferred income tax liabilities are applied to temporary tax differences resulting from investments in associates and joint ventures unless the Company is capable of controlling the moment of reversal of the temporary difference and the temporary difference is unlikely to reverse in the foreseeable future.

The value of the asset associated with deferred tax is subject to analysis for each balance sheet date. If the expected future tax gains are insufficient to cover the asset or part thereof, a write-down is recognized on the asset.

Deferred tax is calculated by applying rates which will be in force on the date the corresponding gain is realized or the liability becomes due. Deferred tax is reported in the profit and loss account unless it applies to assets included directly in the equity capital in which case it is also reported in the equity capital.

Value added tax

All revenues, expenses and assets are recorded following deduction of the applicable value added tax, except for:

- cases where the value added tax paid when purchasing assets or services cannot be recovered from tax authorities, in which case it is reported as part of the purchase cost of a given asset or as an expense,
- receivables and liabilities reported as inclusive of value added tax.

The net amount of value added tax recoverable from or payable to tax authorities is reported in the statement as part of the Company's receivables or liabilities.

Property, plant and equipment

PP&E assets are recognized on the basis of their cost (purchase price or production cost) following deduction of depreciation and impairment for each reporting period. Borrowing costs associated directly with the purchase or construction of assets which require a long time to become usable or resalable are added to the cost of construction of such assets up until the beginning of their useful economic life. Revenues from short-term investment of borrowings related to construction of PP&E assets are deducted from the borrowing costs following capitalization. Other borrowing costs are reported as expenses in the period during which they were incurred.

Depreciation is calculated for all fixed assets except land holdings and PP&E assets under construction, throughout their expected useful economic life, using the straight-line method.

The expected useful life for individual categories of PP&E assets is as follows:

Category	Useful life
Buildings and structures	5 – 25 years
Machinery and equipment	2 – 10 years
Vehicles	5 years
Other PP&E	2 – 10 years

Low-value PP&E assets, i.e. assets whose initial unit value does not exceed 5 000 PLN, are depreciated in a simplified manner by way of a one-time write-down.

Profits or losses on sales/disposal or cessation of use of PP&E assets are defined as the difference between their sales revenues and net value, and are reported in the profit and loss account.

Intangibles - expenditures on development projects

The Company reports expenses associated with development of videogames as expenditures on development projects. Videogame development expenses incurred prior to the commencement of sales or application of new solutions are recognized as development projects in progress. Once development has completed and the relevant costs are recognized, said expenses are transferred to the Development projects completed line item. In the case of projects for which a reliable estimate of sales volume and budget can be provided, the Company recognizes depreciation on the basis of economic benefits associated with the expected sales volume. In all other cases, the straight-line method is applied instead. Depreciation of development expenditures is presented in the profit and loss account as the cost of products and services sold.

Other intangibles

Intangibles are recognized according to their historical cost of purchase or production, following deduction of depreciation and impairment costs. Depreciation is calculated using the straight-line method. Costs of research and development activities are not subject to activation and are reported in the profit and loss account for the period when they were incurred.

The expected useful life for individual classes of intangible assets is as follows:

Category	Useful life
Patents and licenses	2 – 15 years
Computer software	2 – 10 years

Intangibles with a low opening value, not exceeding 5 000 PLN, are depreciated in a simplified way through a one-time deduction.

In its financial statement, the Company regards The Witcher trademark and the CD PROJEKT brand name as its intangible assets. The value of trademarks is calculated using the Relief from Royalty method, which is one of the basic valuation methods for trademarks and other intangible assets in the context of business combinations, in line with *IFRS 3 Business combinations*. The useful economic life of both assets is regarded as indefinite. Trademark valuation is subject to yearly impairment tests.

Goodwill

Goodwill is computed by calculating the difference between the following two values:

- total payment remitted in exchange for control, noncontrolling interests (estimated in proportion to net assets taken over) and fair value of shares of the acquired entity held prior to the date of its acquisition,
- fair value of identifiable net assets acquired.

The surplus between the total calculated according to the above formula and the fair value of identifiable net assets acquired is recognized in the separate statement of financial position as a distinct asset, i.e. goodwill. Goodwill represents the payment made by the acquirer in exchange for future economic benefits yielded by the acquired assets which cannot be individually identified or estimated. Following initial recognition, goodwill is estimated at purchase price less any impairment write-downs.

Any negative difference between the aforementioned figure and the net value of identifiable assets acquired is directly represented on the balance sheet. The Company aggregates profit from business combinations with its Other operating revenues.

Business combinations under common control

Legal mergers between the parent company and a subsidiary thereof are recognized on the basis of the subsidiary's financial data disclosed in the parent company's consolidated financial statement; these figures include changes which occur at the parent company as a result of merging with the subsidiary. The reported financial result and financial position of the subsidiary are determined prospectively from the merger date.

Impairment of non-financial assets

For each balance sheet date the Company performs an inventory of the net value of all of its PP&E assets in order to determine whether impairment of assets may have occurred.

If asset impairment is suspected, the recoverable amount of each asset is calculated to determine the potential write-down. If a given asset does not produce a cash flow that is substantially separate from cash flows produced by other assets, analysis is performed for the whole group of cash producing assets to which the given asset belongs.

For intangible assets with an indefinite useful economic life this impairment test is performed on a yearly basis and, additionally, whenever impairment is suspected.

Recoverable amount is defined as the greater of the following two values: fair value of the asset less the cost of sale, and the asset's value in use. The latter value is defined as the balance of expected future cash flows produced by the asset, discounted using discount rates which acknowledge the market value of the relevant currency and a risk factor specific to the given asset.

If the recoverable amount of a given asset is lower than its net book value, the book value is lowered to match the recoverable amount. The loss resulting from this operation is accounted as cost in the period during which it was incurred, unless the asset had previously been carried at a revalued amount in which case the impairment is reflected by adjusting the revalued amount.

At the moment of reversal of asset impairment, the net value of the asset (or group of assets) is increased to match the newly estimated recoverable amount; it cannot, however, exceed the net value of the asset which would have been reported had the impairment not been recognized during previous fiscal years. Reversal of asset impairment is recognized as revenues.

Investment properties

Investment properties are defined as all properties held for the expected revenues from rent, increase in value, or both. As such, cash flows produced by investment properties are largely independent from those produced by other assets belonging to the Company.

Investment properties are estimated using the purchase cost method.

Perpetual usufruct of land

Perpetual usufruct may apply to land owned by the State Treasury, local authorities, or combinations thereof. Perpetual usufruct is a special type of property law which entitles physical or legal entities to use a given plot of land on an exclusive basis. Perpetual usufruct is fully transferable and usually granted for a period of 99 years, although in exceptional cases shorter grants (of at least 40 years) are permitted when the economic rationale for establishing the usufruct does not justify a longer grant.

Perpetual usufruct of land is reported as a lease, in line with IFRS 16. The Company represents the usufruct of such leases, in accordance with its nature, as either Investment properties or Property, Plant and Equipment.

Lease agreements

The Company, when acting as the lessee, regards a contract as a lease agreement or an agreement which includes a lease if it essentially transfers the totality of risks and benefits associated with a given base asset for a given period, in exchange for remuneration.

When acting as the lessor, the Company regards a contracts as a financial lease agreement if it essentially transfers the totality of risks and benefits associated with a given asset. When such risks and benefits are not transferred in their totality, the contract is instead regarded as an operating lease agreement.

The usufruct of an asset held under a lease agreement entails mainly the right to acquire all economic benefits associated with its use, as well as the right to control the manner in which it is used.

Risks associated with leases comprise losses incurred due to the non-use of production capabilities, loss of technical suitability or reduction in returns resulting from changes in economic conditions. Benefits may include the expected profitable operation of a given asset throughout its useful economic life or the expected profit resulting from increases in the asset's value or recovery of its final value.

On the date of initial recognition the Company recognizes an asset representing the usufruct of the lease, and a corresponding lease liability. Usufruct is initially estimated at purchase price, which consists of the initial value of the lease liability, initial direct costs, estimated costs related to disposal of the base asset, and lease payments remitted on or before the initial date, less lease incentives (if any).

The Company depreciates usufruct using the straight-line method between the initial date and the end of the usufruct or the end of the lease period, whichever comes first. When deemed justifiable, usufruct of leased assets is subjected to impairment tests, pursuant to IAS 36.

On the initial date the Company recognizes a lease liability which is equivalent to the lease payments outstanding, adjusted for the lease interest rate, if easily determinable. If not, the lessee's marginal interest rate is applied instead.

Lease payments which affect the corresponding lease liability consist of fixed lease payments, variable lease payments (dependent on the applicable indexation or interest rate), expected payments corresponding to the asset's guaranteed residual value, and expected payments related to buyout of leased assets, when such buyout can reasonably be regarded as certain. In each successive reporting period the lease liability is lowered by the amount paid, and increased to account for accrued interest. Estimation of lease liabilities is updated to reflect contractual changes and reassessments related to lease periods, buyout options, guaranteed residual value or lease payments dependent on the applicable indexation or interest rate. As a rule, revaluation of lease liabilities is recognized as an update of the line item which represents the usufruct of the leased asset.

The Company applies the practical expedient allowed by the standard to account for short-term leases and leases of low-value assets. In relation such assets, instead of recognizing usufruct and a corresponding lease liability, lease payments are aggregated with the financial result using the straight-line method throughout the lease period.

Investments in subsidiaries

Investments in subsidiaries are accounted on their effective date and at cost. Assessment of such investments for a given balance sheet date is performed on the basis of initial cost less write-downs associated with impairment of assets, if any.

Financial assets

On initial recognition the Company assigns each of its financial assets into one of four categories, depending on the Company's business model related to management of financial assets and the specific nature of contractual cash flows associated therewith:

- assets classified at amortized cost,
- assets classified at fair value reported in other comprehensive income (FVOCI),
- assets classified at fair value through profit and loss,
- financial hedges.

Each financial asset is assigned to one of the above categories on initial recognition. This assignment may change only if the associated business model changes. Essential classes of business models are as follows: assets held to collect contractual cash flows; assets held to collect contractual cash flows and potentially sell the asset; assets held for reasons other than those listed previously (as a rule, this is construed as holding assets for trading). The Company has adopted a rule stating that the sale of a financial asset prior to its maturity does not, in itself, cause the underlying business model to shift from holding assets to collect contractual cash flows to holding assets to collect contractual cash flows and potentially sell the assets or to holding assets for other purposes.

As the Company does not engage in hedge accounting, the corresponding IFRS 9 provisions do not apply to the Company's activities.

Credit risk associated with assets which constitute financial instruments is estimated by the Company on the basis of the expected credit loss (ECL) model. The basic method for determining loss allowances in the ECL model is a procedure under which the Company monitors changes in credit risk associated with each financial asset since its initial recognition, and assigns each financial asset to one of three stages: stage 1 – performing (used in relation to assets whose credit risk has not increased substantially since initial recognition); stage 2 – under-performing (used in relation to assets whose credit risk has increased substantially since initial recognition, but for which there is no objective reason to suspect impairment); stage 3 – impaired (used in relation to assets for which there is objective reason to suspect impairment).

Financial liabilities

A financial liability is defined as any liability which:

- is associated with a contractual obligation to transfer monetary or other financial assets to another entity, or exchange financial assets or liabilities with another entity on potentially disadvantageous terms;
- is associated with a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are considered equity instruments if the entity offers the rights, options or pro rata warrants to all existing owners of the same class of its own non-derivative equity instruments.

On initial recognition the Company classifies each of its financial liabilities as:

- financial liabilities designated at fair value through financial result,
- other financial liabilities designated at amortized cost.

On initial recognition a financial liability is estimated at fair value, which is increased – if the given liability is not qualified for estimation at fair value through financial result – by the cost of transactions directly related to said liability.

Inventories

The initial value (cost) of an inventory is the sum of all costs (related to purchase, production etc.) incurred in bringing the inventory to its current level and location. The cost of inventories is defined as the original purchase price increased by import duties and other taxes (which cannot be recovered from tax authorities), transport, loading and unloading costs, and any other costs associated with construction of inventories, and reduced by any discounts, rebates and similar deductions. Inventories are valued at initial cost (purchase price or production cost) or at their achievable net sale price, whichever is lower. The achievable net sale price is defined as the estimated sale price reduced by any costs involved in finalizing production, facilitating the sale and finding a buyer (this includes sales and marketing expenses, etc.) In relation to inventories, cost is always determined by applying the "weighted average" method.

Trade and other receivables

Receivables associated with delivery of products and services are entered in the accounts at their transaction prices, adjusted for impairment allowances under the expected credit loss model.

Claims related to sale of products which have been produced and accounted for in the reporting period but reported following the end of this period (in accordance with contractual obligations) are reported as trade receivables.

Deferrals and accruals

The Company recognizes as deferred revenues those revenues which corresponds to future reporting periods, at the moment these revenues are realized.

Future period sales represent mainly royalties obtained or obtainable in association with customer preorders of digital editions of games scheduled for release in future reporting periods, prepayments related to royalties, advance payments for goods received from suppliers, and settlements carried out over time in relation to subsidies.

Accrued expenses represent liabilities related to goods and services which have been received or rendered, invoiced or formally agreed upon with suppliers.

The Company recognizes as prepaid expenses costs borne upfront, associated – in whole or in part – with future reporting periods.

Cash and other monetary assets

Cash assets are defined as cash on hand, deposits payable on demand and bank deposits with maturity periods of up to 3 months. Other monetary assets represent highly liquid short-term investments easily exchangeable for a known quantity of cash and subject to low depreciation risk.

Overdraft on any current bank account is aggregated with credits and loans and reported as cash flows from financial activities.

Assets held for sale and discontinued operations

Fixed assets held for sale (as well as net disposal groups) are estimated at either their carrying amount or their fair value less the cost of sale, whichever is lower.

Fixed assets and disposal groups are classified as held for sale if their carrying amount is expected to be retrieved by way of sale rather than continued use. This condition is only considered fulfilled if the sale transaction is highly likely to occur and the given asset (or disposal group) is available for immediate sale in its present form. Designating a given asset as held for sale conveys the Company management's intent to conclude the sale transaction within one year of such a designation being made.

Equity

Equity is treated in accounting practice with distinction to its type and in accordance with the applicable legal constraints, as well as any statutory requirements and conditions expressed in the contracts to which the Company is a party.

Share capital is reported at nominal value, in the amount consistent with the Company articles and its record in the court register.

Supplementary capital is derived from profit earned.

Supplementary capital from sale of shares above nominal value is derived from the positive difference between the issue price of shares and their corresponding nominal value less the cost of issuance. Said costs, incurred while establishing a joint-stock company or increasing its share capital, limit the capital to the excess of issue price over the nominal value of shares.

The reported Other capital contributions aggregate costs related to its incentive program, supplementary capital created to finance the buy-back of own shares, and revaluation capital.

Provisions for liabilities

Provisions are created whenever the Company faces a liability (whether legal or customary) resulting from past events, it is likely that discharging said liability will reduce the Company's economic advantage and the liability can be reliably estimated. No provisions are made for future operating losses.

Restructuring cost allowances are made only when the Company has revealed a detailed and formalized restructuring plan to all interested parties.

Employee benefits

The costs of short-term employee benefits other than those stemming from termination of employment and equity compensation are recognized as liabilities following adjustment for any payments already made and, at the same time, as expenses during the period, unless a given benefit is includable in the cost of construction of an asset. The Company does not provide any employee benefit programs following termination of employment.

On 28 July 2020 the General Meeting of Shareholders of CD PROJEKT S.A. voted to institute an incentive program for 2020-2025 for the benefit of selected individuals at CD PROJEKT S.A. and other member companies of the Group. A set of targets was established and the Management Board and Supervisory Board of the Company selected a number of persons who, assuming these profit and marketing goals are met, are rewarded with subscription warrants entitling them to acquire Company shares by way of a conditional increase in the Company's share capital. The incentive program complies with *IFRS 2 Share-based payment rules*.

Loans granted

Loans granted are estimated at their amortized cost adjusted by applying the effective interest rate.

Trade and other liabilities

Liabilities pertaining to supplies and services are reported in their amortized cost. Financial liabilities and equity instruments are classified according to their commercial substance which depends on contractual obligations. Equity instruments are defined as contracts granting a share in the Company's equity less any applicable liabilities.

Dividend payments

Dividends are recognized at the moment the Company's shareholders become entitled to receive them.

Functional currency and presentation currency

Functional currency and presentation currency

Figures reported in this financial statement are denominated in the currency of the primary economic environment in which the Company carries outs its activities (functional currency). The functional currency and the presentation currency of the Company is the Polish Zloty (PLN).

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.

Important values based on professional judgment and estimates

Professional judgment

The Management Board has performed an analysis of the feasibility of attaining the result goal as defined for the entire duration of the 2020-2025 incentive program, and has consequently revised its projections, declaring that the most likely outcome is that the result goal for the duration of the program cannot be attained.

Uncertainty of estimates

This section lists key assumptions regarding future conditions and other fundamental sources of uncertainty, as of the balance sheet date, which may pose a serious risk of significant adjustments in asset and liability valuation during the coming financial year.

Asset impairment

Impairment tests which concern goodwill, trademarks and similar assets require an assessment of the value in use of each cash generating unit. This assessment is based on a projection of future cash flows generated by individual cash generating units and requires an estimate of the discount rate applied when conducting pending assessment of the value of said flows. The latest test of the CD PROJEKT brand name, The Witcher trademark and of goodwill was conducted on 31 December 2021. No impairment of any of the aforementioned assets or goodwill was identified. Asset impairment tests at individual subsidiaries were last conducted on 31 December 2021. No circumstances were identified which would suggest impairment of these assets.

Assumptions made in the assessment of the CD PROJEKT brand name, The Witcher trademark and goodwill:

	Trademarks	Goodwill
Cash flow projection period	2022-2025 (4 years)	2022-2025 (4 years)
Weighted Average Cost of Capital (WACC)	11.92%	8.52%
Residual value growth rate (g)	4%	3%

Estimation of provisions

Provisions for employee pensions and incentive program benefits settled in own shares were estimated on the basis of actuarial gains and losses.

The Company recognizes provisions for compensation dependent on its financial result, and other bonuses. Provisions for compensation dependent on financial result are recognized jointly for each group of employees. As a rule, provisions are computed (depending on the specific group of employees) on the basis of net earnings reported by the Group, by a specific activity segment or by a smaller set of operations disaggregated for the purpose of calculating such provisions. Provisions for compensation dependent on the Company's financial result are computed using the recursion principle – the value of provisions decreases the result upon which such provisions are computed.

The Company also recognizes provisions for returns, expected adjustments of licensing reports or expenses which have not been invoiced by suppliers as of the balance sheet date.

Deferred income tax assets

The Company recognizes deferred income tax assets by anticipating future taxable revenues which may require recognition of such assets. A decrease in future economic performance might render such assumptions invalid.

Deferred income tax liabilities

The Company recognizes deferred income tax liabilities by anticipating future tax liabilities arising from positive temporary differences, enabling the given provision to be consumed.

Fair value of financial instruments

Financial instruments for which there is no active market are estimated using the appropriate valuation methods. In selecting the suitable methods and assumptions the Company applies its professional judgment.

Depreciation rates

Depreciation rates are determined on the basis of the expected useful economic life of tangible equity assets and intangible assets. The Company performs annual validation of the assumed useful economic life of its assets, based on current estimates.

Comparability of financial statements, changes in accounting policies and changes in estimates

Changes in accounting policies

The accounting practices applied in preparing this 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 accounting policies and presentation-related adjustments described below.

Presentation changes

This separate financial statement for the period between 1 January and 31 December 2021 incorporates changes in the presentation of selected financial data and rectification of errors. 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 income tax assets for 31 December 2020 by reassigning some negative temporary differences from the 19% tax rate category to the 5% tax rate category, resulting in the following adjustments:
    - Deferred income tax assets – adjusted by (4 179) thousand PLN
    - Net profit/loss for the current period – adjusted by (4 179) thousand PLN

  As a result of this change, the reported equity decreased by 4 179 thousand PLN.

- In the statement of financial position for 31 December 2020, in order to ensure consistency with the consolidated financial statement, the presentation of goodwill was adjusted as follows:
    - Goodwill – adjusted by 49 168 thousand PLN
    - Intangibles – adjusted by (49 168) thousand PLN

  This adjustment does not affect the Company's financial result or equity.

Supplementary information – additional notes and explanations concerning the separate financial statement

3

Note 1. Sales revenues

Pursuant to **IFRS 15** revenues from sales of products, goods and services, less the applicable value added tax and any discounts or rebates, are recognized following (or during) discharge of the Company's contractual duty to transfer the pledged goods or services (assets) to the client.

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Sales revenues	**692 196**	**1 883 645**
incl. from R&D activities	281 564	911 222
Revenues from sales of products	678 566	1 786 270
Revenues from sales of services	5 502	1 840
Revenues from sales of goods and materials	8 128	95 535
Other revenues	**23 197**	**24 917**
Other operating revenues	19 321	8 904
Financial revenues	3 876	16 013
Total	**715 393**	**1 908 562**

Sales revenues by territory**

	01.01.2021 – 31.12.2021		01.01.2020 – 31.12.2020*	
	PLN	%	PLN	%
Domestic sales	**23 468**	**3.39%**	**157 785**	**8.38%**
Exports, including:	**668 728**	**96.61%**	**1 725 860**	**91.62%**
Europe	42 566	6.15%	217 283	11.53%
North America	568 645	82.15%	1 369 724	72.72%
South America	144	0.02%	989	0.05%
Asia	58 066	8.39%	112 211	5.96%
Australia	(693)	(0.10)%	23 423	1.24%
Africa	-	-	2 230	0.12%
Total	**692 196**	**100%**	**1 883 645**	**100%**

** adjusted*

Revenues from exports reported for Europe include the Russian market which, in previous financial statements, had been aggregated with the figure reported for Asia.

*** The presented data reflects the territories of residence of the Company's immediate clients (distributors), not final customers.*

Sales revenues by product type

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Own products	678 566	1 786 270
External products	8 128	95 535
Other revenues	5 502	1 840
Total	**692 196**	**1 883 645**

(all figures quoted in PLN thousands unless indicated otherwise)

Sales revenues by distribution channel

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Videogames – box editions	87 141	163 303
Videogames – digital editions	581 016	1 699 283
Other revenues	24 039	21 059
Total	**692 196**	**1 883 645**

Note 2. Activity segments

Information concerning the Company's operating segments is provided in Section 3 "Supplementary information – activity segments" of the Consolidated Financial Statement of the CD PROJEKT Group for the period between 1 January and 31 December 2021.

Note 3. Operating expenses

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Depreciation of PP&E, intangibles, expenditures on development projects and investment properties, including:	12 658	5 647
depreciation of leased buildings	1 323	609
depreciation of leased vehicles	147	158
Consumption of materials and energy	2 735	2 820
Bought-in services, including:	155 407	180 113
short-term leases and leases of low-value assets	719	665
Taxes and fees	1 081	1 191
Employee compensation, social security and other benefits	126 840	208 632
Business travel	519	262
Use of company cars	206	147
Cost of goods and materials sold	8 056	89 284
Cost of products and services sold	102 946	249 476
Other expenses	1 369	628
Total	**411 817**	**738 200**
Selling costs	241 785	344 565
General and administrative costs	59 030	54 875
Cost of products, services, goods and materials sold	111 002	338 760
Total	**411 817**	**738 200**

(all figures quoted in PLN thousands unless indicated otherwise)

Depreciation and impairment write-downs recognized in the profit and loss account

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Items aggregated with cost of products, services, goods and materials sold	**905**	**791**
Depreciation of PP&E	795	603
Depreciation of intangibles	110	188
Items aggregated with selling costs	**9 565**	**3 452**
Depreciation of PP&E	7 565	2 488
Depreciation of intangibles	2 000	964
Items aggregated with general and administrative costs	**3 093**	**2 195**
Depreciation of PP&E	2 363	1 583
Depreciation of intangibles	730	612
Items aggregated with other operating expenses	**22 911**	**1 462**
Depreciation of investment properties	2 105	1 462
Impairment of expenditures on development projects	20 806	-
Total	**36 474**	**7 900**

Employee benefits

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Employee remuneration	112 956	201 859
Social security and other similar expenses	9 819	4 600
Other employee benefits	4 065	2 173
Total employee benefits	**126 840**	**208 632**
Items aggregated with selling costs	94 810	166 663
Items aggregated with general and administrative costs	32 030	41 969

Note 4. Other operating revenues and expenses

Other operating revenues

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Subsidies	7 929	128
Revenue from lease contracts	7 122	6 416
Reinvoicing revenues	2 886	1 471
Compensation for damages received	468	168
PP&E and goods received free of charge	283	503
Dissolution of unused provisions for expenses	271	-
Other sales	161	156
Profit from sale of PP&E	136	17
Other miscellaneous operating revenues	65	45
Total other operating revenues	**19 321**	**8 904**

(all figures quoted in PLN thousands unless indicated otherwise)

Other operating expenses

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Impairment allowances on PP&E, intangibles and expenditures on development projects	20 806	-
Own cost of leases	4 908	4 040
Reinvoicing expenses	2 887	1 470
Depreciation of investment properties	2 105	1 462
Provisions for uninsured portion of costs related to the legal settlement in the USA	1 502	-
Disposal of materials and goods	963	6 063
Disposal of PP&E and intangibles	668	52
Donations	415	2 300
Liquidation of investment properties	51	1 630
Help Me Refund campaign – refunds	33	8 238
Settlement of stocktaking shortages	-	22
Other miscellaneous operating expenses	33	32
Total other operating expenses	**34 371**	**25 309**

Following the decision to change the underlying technology and conclusion of a licensing and partnership agreement with Epic Games International S.à r.l. CD PROJEKT S.A. gained access to multiplayer solutions available in Unreal Engine 4 and 5. Consequently, the Company abandoned further development work on adding multiplayer elements to REDEngine and reassigned the corresponding to-date expenditures (20 806 thousand PLN) from Fixed assets to Other operating expenses.

Note 5. Financial revenues and expenses

Financial revenues

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Revenues from interest	**1 594**	**7 761**
on bonds	1 321	193
on loans	205	142
on short-term bank deposits	68	7 426
Other financial revenues	**2 282**	**8 252**
settlement and estimation of derivative financial instruments	2 271	8 250
management Board forward contracts	6	-
other miscellaneous financial revenues	5	2
Total financial revenues	**3 876**	**16 013**

(all figures quoted in PLN thousands unless indicated otherwise)

Financial expenses

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Interest payments	**1 288**	**539**
on bonds	787	224
on lease agreements	464	291
on budget commitments	37	24
Other financial expenses	**13 677**	**5 581**
surplus negative exchange rate differences	10 207	4 372
impairment allowances on long-term financial assets	1 668	-
losses from maturation of bonds	1 436	1 081
bond purchase fees	364	128
other miscellaneous financial expenses	2	-
Total financial expenses	**14 965**	**6 120**
Net balance of financial activities	**(11 089)**	**9 893**

Note 6. Current and deferred income tax

The main components of the tax burden for the years ending on 31 December 2021 and 31 December 2020 respectively are as follows:

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020*
Current income tax	**46 149**	**27 039**
For the fiscal year	40 291	13 277
Withholding tax paid abroad	5 858	13 762
Deferred income tax	**(32 028)**	**(16 259)**
Due to creation and reversal of temporary differences	(32 028)	(16 259)
Tax burden reported in profit and loss account	**14 121**	**10 780**

** adjusted*

Deferred tax reported in the profit and loss account represents the difference between the deferred tax provisions and assets at the beginning and end of each reporting period.

(all figures quoted in PLN thousands unless indicated otherwise)

Current income tax

	01.01.2021 – 31.12.2021		01.01.2020 – 31.12.2020*	
	Income from other sources	**Income from capital investments**	**Income from other sources**	**Income from capital investments**
Pre-tax income	**273 636**	**(19 402)**	**1 131 826**	**7 010**
Revenues increasing the tax base	2 377	1 606	5 744	11 722
Revenues applicable to future reporting periods	908 111	-	(972 621)	-
Tax-exempt revenues	(9 009)	5 530	(1 061)	(7 024)
Expenses reducing the tax base	(14 100)	-	(494 253)	(214 259)
Non-deductible expenses	(95 940)	19 983	453 385	580
Taxable income	**1 065 075**	**7 717**	**123 020**	**(201 971)**
Deductions from income – loss	(226 106)	(7 717)	-	-
Deductions from income – donations	-	-	(2 200)	-
Deductions from income – R&D fiscal relief	(31 741)	-	(79 686)	-
Deductions from income – tax-exempt income	(1 403)	-	(1 707)	-
Tax base, including:	**805 825**	**-**	**39 427**	**(201 971)**
Subject to 5% tax rate (profit)	**805 825**	**-**	**265 533**	**-**
Subject to 5% tax rate (loss)	**-**	**-**	**(226 106)**	**-**
Subject to 19% tax rate (loss)	**-**	**-**	**-**	**(201 971)**
Income tax due in Poland (rate: 5%)	40 291	-	13 277	-
Income tax	**40 291**	**-**	**13 277**	**-**
Effective tax rate	**5.16%**	**-**	**0.95%**	**-**

** adjusted*

Current income tax is estimated by applying a rate of 19% to the reported tax base from revenues from other sources, and a rate of 5% to the reported tax base from eligible IP-related revenues as specified in the IP BOX tax relief regulation.

(all figures quoted in PLN thousands unless indicated otherwise)

Negative temporary differences requiring recognition of deferred tax assets

	31.12.2020*	Differences affecting deferred tax aggregated with financial result	Differences affecting deferred tax aggregated with other comprehensive income	31.12.2021
Provisions for other employee benefits	380	(8)	-	372
Provisions for compensation dependent on financial result, and other compensation	190 040	(150 640)	-	39 400
Tax loss	226 106	(226 106)	-	-
Negative exchange rate differences	23 810	(21 524)	-	2 286
Difference between balance sheet value and tax value of expenditures on development projects	3 043	21 749	-	24 792
Compensation and social security payable in future reporting periods	23	38	-	61
Other provisions	220 327	(172 826)	-	47 501
R&D tax relief	309 826	(7 872)	-	301 954
Advance payments recognized as taxable income	4 036	(2 567)	-	1 469
Total negative temporary differences	**977 591**	**(559 756)**	**-**	**417 835**
subject to 5% tax rate	647 098	(586 681)	-	60 417
subject to 19% tax rate	330 493	26 925	-	357 418
Deferred tax assets	**95 149**	**(24 218)**	**-**	**70 931**

** adjusted*

Positive temporary differences requiring creation of deferred tax provisions

	31.12.2020*	Differences affecting deferred tax aggregated with financial result	Differences affecting deferred tax aggregated with other comprehensive income	31.12.2021
Difference between net balance sheet value and net tax value of PP&E and intangibles	13 216	913	-	14 129
Income in the current period invoiced in the following period / accrued income	1 201 112	(1 072 323)	-	128 789
Positive exchange rate differences	21 577	(6 791)	-	14 786
Estimation of bonds	610	(65)	(545)	-
Estimation of forward contracts	6 835	(6 835)	-	-
Difference between balance sheet value and tax value of expenditures on development projects	289 019	(17 347)	-	271 672
Other sources	71	20	-	91
Total positive temporary differences	**1 532 440**	**(1 102 428)**	**(545)**	**429 467**
subject to 5% tax rate	1 480 719	(1 094 396)	-	386 323
subject to 19% tax rate	51 721	(8 032)	(545)	43 144
Deferred tax provisions	**83 863**	**(56 246)**	**(104)**	**27 513**

** 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.

(all figures quoted in PLN thousands unless indicated otherwise)

Net balance of deferred tax assets/provisions

	31.12.2021	31.12.2020*
Deferred tax assets	70 931	95 149
Deferred tax provisions	27 513	83 863
Net deferred tax – assets/(provisions)	**43 418**	**11 286**

** adjusted*

Note 7. Discontinued operations

No operations were discontinued by the Company in either the current or the preceding financial year.

Note 8. Earnings per share

Base earnings per share are calculated by dividing the net profit for the reporting period attributable to ordinary equity holders of the Company by a weighted average of the number of ordinary shares issued valid during the reporting period. Diluted earnings per share are calculated by dividing the net profit for the reporting period attributable to ordinary equity holders of the Company (following deduction of interest on redeemable privileged shares converted into ordinary shares) by a weighted average of the number of ordinary shares issued valid during the reporting period (adjusted for the effect of dilutive options and dilutive redeemable preference shares convertible into ordinary shares).

During the 12-month period ending on 31 December 2021 dilutive instruments comprised entitlements and subscription warrants assigned under the incentive programs and permitting certain parties to claim shares of the Company. Information regarding the quantity of entitlements assigned is provided in Note 40.

Net profit and number of shares for the purpose of calculating earnings per share

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020*
Average weighted number of shares for the purpose of calculating base earnings per share (units)	100 717 756	96 461 316
Average weighted number of shares for the purpose of calculating diluted earnings per share (units)	100 763 966	100 465 283
Net profit/ (loss) for the purpose of calculating diluted earnings per share	240 113	1 128 056
Base net earnings per share (PLN)	**2.38**	**11.69**
Diluted net earnings per share (PLN)	**2.38**	**11.23**

** adjusted*

Note 9. Dividends paid out (or declared) and collected

On 25 May 2021 the Ordinary General Meeting of CD PROJEKT S.A. voted to allocate part of the Company's profit obtained in 2020 to a dividend payable to shareholders. In line with the corresponding resolution, on 8 June 2021 the Company paid out a dividend in the amount of 503 694 thousand PLN, i.e. 5 PLN per share. The dividend applied to 100 738 800 shares of the Company.

Note 10. Disclosure of other components of the reported comprehensive income

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020*
Net profit (loss)	**240 113**	**1 128 056**
Estimation of foreign treasury bonds	4 238	545
Tax effect of bond estimation	104	(103)
Total comprehensive income	**244 455**	**1 128 498**

** adjusted*

(all figures quoted in PLN thousands unless indicated otherwise)

Note 11. Property, plant and equipment

Ownership structure of property, plant and equipment

	31.12.2021	31.12.2020
Wholly owned	83 996	84 115
Held under lease contracts	15 636	16 935
Total	**99 632**	**101 050**

PP&E whose title is restricted

	31.12.2021	31.12.2020
Held under a financial lease contract	15 636	16 935
Total	**15 636**	**16 935**

Contractual commitments for future acquisition of PP&E

	31.12.2021	31.12.2020
Leasing of passenger cars	429	165
Total	**429**	**165**

(all figures quoted in PLN thousands unless indicated otherwise)

Changes in PP&E (by category) between 01.01.2021 and 31.12.2021

	Land holdings	Buildings and structures	Civil engineering objects	Machinery and equipment	Vehicles	Other fixed assets	Fixed assets under construction	Total
Gross carrying amount as of 01.01.2021	**35 986**	**62 145**	**1 834**	**31 863**	**2 538**	**3 083**	**1 651**	**139 100**
Increases from:	**-**	**9 231**	**53**	**13 164**	**1 253**	**1 765**	**9 429**	**34 895**
purchase	-	1 199	53	13 164	17	1 534	9 429	25 396
lease agreements concluded	-	77	-	-	1 236	-	-	1 313
reassignment from PP&E under construction	-	7 955	-	-	-	231	-	8 186
Reductions from:	**-**	**14 343**	**11**	**1 299**	**805**	**4**	**8 855**	**25 317**
sale	-	815	-	328	189	-	-	1 332
disposal	-	186	11	971	616	4	-	1 788
reassignment from PP&E under construction	-	-	-	-	-	-	8 855	8 855
reassignment to investment properties	-	13 342	-	-	-	-	-	13 342
Gross carrying amount as of 31.12.2021	**35 986**	**57 033**	**1 876**	**43 728**	**2 986**	**4 844**	**2 225**	**148 678**
Depreciation as of 01.01.2021	**588**	**11 181**	**275**	**22 454**	**1 588**	**1 964**	**-**	**38 050**
Increases from:	**567**	**4 733**	**286**	**6 582**	**386**	**654**	**-**	**13 208**
depreciation	567	4 733	286	6 582	386	654	-	13 208
Reductions from:	**-**	**714**	**3**	**1 148**	**344**	**3**	**-**	**2 212**
reassignment to investment properties	-	638	-	-	-	-	-	638
sale	-	-	-	274	180	-	-	454
disposal	-	76	3	874	164	3	-	1 120
Depreciation as of 31.12.2021	**1 155**	**15 200**	**558**	**27 888**	**1 630**	**2 615**	**-**	**49 046**
Impairment allowances as of 01.01.2021	-	-	-	-	-	-	-	-
Impairment allowances as of 31.12.2021	-	-	-	-	-	-	-	-
Net carrying amount as of 01.01.2021	**35 398**	**50 964**	**1 559**	**9 409**	**950**	**1 119**	**1 651**	**101 050**
Net carrying amount as of 31.12.2021	**34 831**	**41 833**	**1 318**	**15 840**	**1 356**	**2 229**	**2 225**	**99 632**

(all figures quoted in PLN thousands unless indicated otherwise)

Changes in PP&E (by category) between 01.01.2020 and 31.12.2020

	Land holdings	Buildings and structures	Civil engineering objects	Machinery and equipment	Vehicles	Other fixed assets	Fixed assets under construction	Total
Gross carrying amount as of 01.01.2020	**35 986**	**60 305**	**1 587**	**24 687**	**2 059**	**2 563**	**131**	**127 318**
Increases from:	**-**	**2 343**	**251**	**7 301**	**616**	**530**	**2 057**	**13 098**
purchase	-	265	27	7 239	-	277	2 057	9 865
lease agreements concluded	-	927	94	-	616	-	-	1 637
reassignment from PP&E under construction	-	-	130	-	-	253	-	383
reassignment from investment properties	-	1 151	-	-	-	-	-	1 151
receipt free of charge	-	-	-	62	-	-	-	62
Reductions from:	**-**	**503**	**4**	**125**	**137**	**10**	**537**	**1 316**
sale	-	-	-	119	137	-	-	256
disposal	-	503	4	6	-	10	41	564
reassignment from PP&E under construction	-	-	-	-	-	-	496	496
Gross carrying amount as of 31.12.2020	**35 986**	**62 145**	**1 834**	**31 863**	**2 538**	**3 083**	**1 651**	**139 100**
Depreciation as of 01.01.2020	**84**	**7 179**	**53**	**16 493**	**1 316**	**1 509**	**-**	**26 634**
Increases from:	**504**	**4 505**	**223**	**6 080**	**409**	**460**	**-**	**12 181**
depreciation	504	4 480	223	6 080	409	460	-	12 156
reassignment from investment properties	-	25	-	-	-	-	-	25
Reductions from:	**-**	**503**	**1**	**119**	**137**	**5**	**-**	**765**
sale	-	-	-	119	137	-	-	256
disposal	-	503	1	-	-	5	-	509
Depreciation as of 31.12.2020	**588**	**11 181**	**275**	**22 454**	**1 588**	**1 964**	**-**	**38 050**
Impairment allowances as of 01.01.2020	-	-	-	-	-	-	-	-
Impairment allowances as of 31.12.2020	-	-	-	-	-	-	-	-
Net carrying amount as of 01.01.2020	**35 902**	**53 126**	**1 534**	**8 194**	**743**	**1 054**	**131**	**100 684**
Net carrying amount as of 31.12.2020	**35 398**	**50 964**	**1 559**	**9 409**	**950**	**1 119**	**1 651**	**101 050**

(all figures quoted in PLN thousands unless indicated otherwise)

PP&E under construction

	01.01.2021	Expenditures in fiscal year	Expenditure settlements	31.12.2021
Redevelopment of property at Jagiellońska 74	1 612	9 254	8 855	2 011
Other	39	175	-	214
Total	**1 651**	**9 429**	**8 855**	**2 225**

	01.01.2020	Expenditures in fiscal year	Expenditure settlements	31.12.2020
Redevelopment of property at Jagiellońska 74	54	2 054	496	1 612
Other	77	3	41	39
Total	**131**	**2 057**	**537**	**1 651**

Usufruct of PP&E held under lease agreements

	31.12.2021			31.12.2020		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Land holdings	14 540	464	14 076	14 540	260	14 280
Immovable properties	4 718	4 357	361	4 641	2 595	2 046
Civil engineering objects	94	47	47	94	-	94
Vehicles	1 236	84	1 152	616	103	513
Total	**20 588**	**4 952**	**15 636**	**19 891**	**2 958**	**16 933**

(all figures quoted in PLN thousands unless indicated otherwise)

Note 12. Intangibles and expenditures on development projects

Changes in intangibles and expenditures on development projects between 01.01.2021 and 31.12.2021

	Development projects in progress	Development projects completed	Trademarks	Patents and licenses	Copyrights	Computer software	Goodwill	Intangible assets under construction	Others	Total
Gross carrying amount as of 01.01.2021	**28 890**	**798 035**	**34 467**	**1 435**	**18 331**	**26 277**	**49 168**	**1 129**	**-**	**957 732**
Increases from:	**66 891**	**457**	**-**	**153**	**-**	**3 855**	**-**	**209**	**-**	**71 565**
purchases	-	-	-	153	-	2 526	-	209	-	2 888
reassignment from intangible assets under construction	-	-	-	-	-	1 329	-	-	-	1 329
reassignment from development projects in progress	-	457	-	-	-	-	-	-	-	457
own creation	66 891	-	-	-	-	-	-	-	-	66 891
Reductions from:	**609**	**-**	**-**	**91**	**-**	**-**	**-**	**1 329**	**-**	**2 029**
disposal	-	-	-	91	-	-	-	-	-	91
reassignment from intangible assets under construction	-	-	-	-	-	-	-	1 329	-	1 329
reassignment from development projects in progress	457	-	-	-	-	-	-	-	-	457
expenditures on development projects transferred under a consortium agreement	152	-	-	-	-	-	-	-	-	152
Gross carrying amount as of 31.12.2021	**95 172**	**798 492**	**34 467**	**1 497**	**18 331**	**30 132**	**49 168**	**9**	**-**	**1 027 268**
Depreciation as of 01.01.2021	**-**	**442 300**	**-**	**1 043**	**48**	**20 423**	**-**	**-**	**-**	**463 814**
Increases from:	**-**	**82 736**	**-**	**321**	**125**	**3 481**	**-**	**-**	**-**	**86 663**
depreciation	-	82 736	-	321	125	3 481	-	-	-	86 663
Reductions from:	**-**	**-**	**-**	**91**	**-**	**-**	**-**	**-**	**-**	**91**
disposal	-	-	-	91	-	-	-	-	-	91
Depreciation as of 31.12.2021	**-**	**525 036**	**-**	**1 273**	**173**	**23 904**	**-**	**-**	**-**	**550 386**
Impairment allowances as of 01.01.2021	-	-	-	-	-	-	-	-	-	-
Increases from:	**20 806**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20 806**
impairment	20 806	-	-	-	-	-	-	-	-	20 806
Impairment allowances as of 31.12.2021	20 806	-	-	-	-	-	-	-	-	20 806
Net carrying amount as of 01.01.2021	**28 890**	**355 735**	**34 467**	**392**	**18 283**	**5 854**	**49 168**	**1 129**	**-**	**493 918**
Net carrying amount as of 31.12.2021	**74 366**	**273 456**	**34 467**	**224**	**18 158**	**6 228**	**49 168**	**9**	**-**	**456 076**

(all figures quoted in PLN thousands unless indicated otherwise)

Changes in intangibles and expenditures on development projects between 01.01.2020 and 31.12.2020

	Development projects in progress	Development projects completed	Trademarks	Patents and licenses	Copyrights	Computer software	Goodwill	Intangible assets under construction	Others	Total
Gross carrying amount as of 01.01.2020	**324 532**	**229 634**	**34 467**	**2 668**	**17 718**	**25 001**	**49 168**	**1 055**	**1**	**684 244**
Increases from:	**273 071**	**568 401**	**-**	**1 992**	**613**	**4 628**	**-**	**676**	**-**	**849 381**
purchases	-	-	-	1 789	613	4 229	-	676	-	7 307
reassignment from intangible assets under construction	-	-	-	203	-	399	-	-	-	602
reassignment from development projects in progress	-	568 401	-	-	-	-	-	-	-	568 401
own creation	273 071	-	-	-	-	-	-	-	-	273 071
Reductions from:	**568 713**	**-**	**-**	**3 225**	**-**	**3 352**	**-**	**602**	**1**	**575 893**
disposal	-	-	-	3 225	-	3 352	-	-	1	6 578
reassignment from intangible assets under construction	-	-	-	-	-	-	-	602	-	602
reassignment from development projects in progress	568 401	-	-	-	-	-	-	-	-	568 401
reassignment of expenditures on development projects under consortium agreement	312	-	-	-	-	-	-	-	-	312
Gross carrying amount as of 31.12.2020	**28 890**	**798 035**	**34 467**	**1 435**	**18 331**	**26 277**	**49 168**	**1 129**	**-**	**957 732**
Depreciation as of 01.01.2020	**-**	**194 136**	**-**	**1 225**	**-**	**19 279**	**-**	**-**	**1**	**214 641**
Increases from:	**-**	**248 164**	**-**	**3 043**	**48**	**4 493**	**-**	**-**	**-**	**255 748**
depreciation	-	248 164	-	3 043	48	4 493	-	-	-	255 748
Reductions from:	**-**	**-**	**-**	**3 225**	**-**	**3 349**	**-**	**-**	**1**	**6 575**
disposal	-	-	-	3 225	-	3 349	-	-	1	6 575
Depreciation as of 31.12.2020	**-**	**442 300**	**-**	**1 043**	**48**	**20 423**	**-**	**-**	**-**	**463 814**
Impairment allowances as of 01.01.2020	-	-	-	-	-	-	-	-	-	-
Impairment allowances as of 31.12.2020	-	-	-	-	-	-	-	-	-	-
Net carrying amount as of 01.01.2020	**324 532**	**35 498**	**34 467**	**1 443**	**17 718**	**5 722**	**49 168**	**1 055**	**-**	**469 603**
Net carrying amount as of 31.12.2020	**28 890**	**355 735**	**34 467**	**392**	**18 283**	**5 854**	**49 168**	**1 129**	**-**	**493 918**

(all figures quoted in PLN thousands unless indicated otherwise)

Ownership structure of intangible assets

	31.12.2021	31.12.2020*
Wholly owned	59 086	60 125
Total	**59 086**	**60 125**

** adjusted*

Intangible assets under construction

	01.01.2021	Expenditures in financial year	Expenditure settlements	31.12.2021
HR support system	1 129	200	1 329	-
Document flow system	-	9	-	9
Total	**1 129**	**209**	**1 329**	**9**

	01.01.2020	Expenditures in financial year	Expenditure settlements	31.12.2020
HR support system	655	474	-	1 129
Musical score	77	126	203	-
Document flow system	323	76	399	-
Total	**1 055**	**676**	**602**	**1 129**

Contractual commitments for future acquisition of intangible assets

None reported.

Intangible assets whose title is restricted

None reported.

(all figures quoted in PLN thousands unless indicated otherwise)

Note 13. Goodwill

Goodwill acquired in business combinations and acquisition of enterprises

	CD Projekt Red sp. z o.o.	Strange New Things (enterprise)	Total
Gross goodwill as of 01.01.2021	**39 147**	**10 021**	**49 168**
Gross goodwill as of 31.12.2021	**39 147**	**10 021**	**49 168**
Impairment allowances as of 01.01.2021	**-**	**-**	**-**
Impairment allowances as of 31.12.2021	**-**	**-**	**-**
Net goodwill as of 01.01.2021	**39 147**	**10 021**	**49 168**
Net goodwill as of 31.12.2021	**39 147**	**10 021**	**49 168**

Goodwill impairment tests require an assessment of the value in use of each cash generating unit. This assessment is based on a projection of future cash flows generated by individual cash generating units and requires an estimate of the discount rate applied when conducting pending assessment of the value of said flows. The latest test of goodwill was conducted on 31 December 2021. No impairment of goodwill was identified.

Business combinations

None reported.

Note 14. Investment properties

The Company owns the property complex at Jagiellońska 74 and Jagiellońska 76 in Warsaw. Since part of this complex is being leased to other entities, including other member companies of the CD PROJEKT Group, the Company has decided to report it in part as an investment property. The remaining part of both properties is used by the Company for its own purposes.

Properties purchased by the Company are estimated at purchase price less depreciation.

(all figures quoted in PLN thousands unless indicated otherwise)

Change in value of investment properties between 1 January 2021 and 31 December 2021, and between 1 January 2020 and 31 December 2020

	31.12.2021	31.12.2020
Gross value at beginning of period	**50 650**	**45 296**
Increases from:	**15 428**	**8 179**
activation of costs	2 086	8 179
reclassification of expenses from PP&E following handover of investment property	13 342	-
Reductions from:	**56**	**2 825**
disposal	56	1 674
reassignment to other asset categories	-	1 151
Gross value at end of period	**66 022**	**50 650**
Depreciation at beginning of period	**1 809**	**336**
Increases from:	**2 782**	**1 541**
depreciation	2 144	1 541
reassignment from perpetual usufruct of land and from PP&E	638	-
Reductions from:	**5**	**68**
disposal	5	43
reassignment to other asset categories	-	25
Depreciation at end of period	**4 586**	**1 809**
Impairment allowances at beginning of period	**-**	**-**
Increases	**-**	**-**
Reductions	**-**	**-**
Impairment allowances at end of period	**-**	**-**
Net value at end of period	**61 436**	**48 841**

Contractual commitments for acquisition of investment properties

None reported.

(all figures quoted in PLN thousands unless indicated otherwise)

Note 15. Investments in subsidiaries

Investments in subsidiaries held at purchase price

	31.12.2021	31.12.2020
Shares in subsidiaries	43 447	24 567
Total	**43 447**	**24 567**

Changes in investments in subsidiaries

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
At beginning of period	**24 567**	**23 830**
Increases from:	**23 585**	**737**
purchase/incorporation of subsidiary	7 679	-
capital contributions mandated by the incentive program	2 888	737
capital contributions to subsidiary	13 018	-
Reductions from:	**4 705**	**-**
sale of subsidiary or shares therein	19	-
creation of impairment allowances	1 668	-
capital contributions mandated by the incentive program	3 018	-
At end of period	**43 447**	**24 567**

(all figures quoted in PLN thousands unless indicated otherwise)

Investments in subsidiaries as of 31.12.2021

	GOG sp. z o.o.	CD PROJEKT Inc.	CD PROJEKT Co., Ltd. (in liquidation)	Spokko sp. z o.o.	CD PROJEKT RED STORE sp. z o.o.	CD PROJEKT RED Vancouver Studio Ltd.
Registered office	Warsaw	Los Angeles, Venice	Shanghai	Warsaw	Warsaw	Vancouver
Percentage of shares held as of 31.12.2021	100%	100%	100%	74%	100%	100%
Percentage of votes controlled as of 31.12.2021	100%	100%	100%	74%	100%	100%
Capital investment	14 978	13 810	-	6 481	500	7 678

Investments in subsidiaries as of 31.12.2020

	GOG sp. z o.o.	CD PROJEKT Inc.	CD PROJEKT Co., Ltd.	Spokko sp. z o.o.	CD PROJEKT RED STORE sp. z o.o.
Registered office	Warsaw	Los Angeles, Venice	Shanghai	Warsaw	Warsaw
Percentage of shares held as of 31.12.2020	100%	100%	100%	75%	100%
Percentage of votes controlled as of 31.12.2020	100%	100%	100%	75%	100%
Capital investment	15 078	794	1 695	6 500	500

(all figures quoted in PLN thousands unless indicated otherwise)

Note 16. Other financial assets

	31.12.2021	31.12.2020
Loans granted	9 292	7 156
Bonds	477 416	146 985
Derivative financial instruments	-	6 449
Other financial assets, including:	**486 708**	**160 590**
short-term assets	308 168	107 125
long-term assets	178 540	53 465

In 2021 CD PROJEKT S.A. granted loans to its affiliates – CD PROJEKT Inc. and Spokko sp. z o.o.

Loans granted to CD PROJEKT Inc. under the agreements concluded on 18 June 2019 and 12 September 2019 were repaid in February 2021. The loan granted on 23 December 2019 is repayable by the end of December 2022, subject to a variable interest rate, which is updated on a quarterly basis. On 7 October 2021, in line with an agreement signed on the same date, the Company granted a short-term loan to CD PROJEKT Inc. This loan was repaid on 23 November 2021.

The loan granted to CD PROJEKT RED STORE sp z o.o. under the agreement concluded on 25 October 2019 was repaid on 27 October 2021, while the loan granted under the agreement concluded on 20 December 2019 was repaid on 8 December 2021. In parallel, a separate agreement was signed on 10 February 2022 in accordance with which a new loan was granted to CD PROJEKT RED STORE sp z o.o. The agreement stipulates that the loan would be divided into three batches, the first of which was disbursed on 14 February 2022. The loan is repayable by 31 January 2023, subject to a variable interest rate which is updated on a quarterly basis.

In 2021 on 25 February and 30 March 2021, under the loan agreement concluded on 12 November 2020, two batches of the corresponding loan (out of a total of three) were transferred to Spokko Sp. z o.o. (the first batch having been disbursed on 27 November 2020). The repayment period was extended in accordance with an annex signed on 18 October 2021. Consequently, the loan is now repayable by 30 June 2022. The repayment period for the loan granted under the agreement of 25 May 2020 was also extended – an annex was signed on 21 December 2021, providing for an extension until 30 June 2022. In 2021 Spokko sp. z o.o. was also granted another loan in accordance with an agreement concluded on 5 May 2021, with five of a total of seven batches being disbursed on 28 May 2021, 29 June 2021, 29 July 2021, 25 February 2022 and 30 March 2022 respectively. This loan is repayable by 30 June 2022. All of the aforementioned loans are subject to variable interest rates which are updated on a quarterly basis.

Note 17. Joint ventures

The Company participated in the following significant joint ventures:

Name of venture	Principal site of activity	Contract concluded in	Scope of activity	Entities involved	Main responsibilities in the framework of the joint venture
Consortium	Warsaw	2016	Collaboration in the scope of development, release, distribution and maintenance of the GWENT and Thronebreaker videogames	CD PROJEKT S.A.	Conceptual development, gameplay mechanics, graphics, front-end programming, localization, marketing and communication
				GOG sp. z o.o. (formerly GOG Poland sp. z o.o.)	Back-end programming, in-game sales, maintenance of server infrastructure

Joint activities carried out by CD PROJEKT S.A. and GOG sp. z o.o. in the context of the GWENT and Thronebreaker development consortium concluded on 31 December 2021.

By the end of 2021 these activities had been settled in monthly cycles. The basis for each settlement, alongside the predetermined share ratio, was the aggregate profit or loss generated by the project during the given month, inclusive of all revenues and expenses directly associated with GWENT and Thronebreaker.

(all figures quoted in PLN thousands unless indicated otherwise)

Note 18. Inventories

	31.12.2021	31.12.2020
Goods	13 535	3 816
Other materials	4	11
Gross inventories	**13 539**	**3 827**
Inventory impairment allowances	-	-
Net inventories	**13 539**	**3 827**

The “Other materials” line item represents marketing materials.

Inventories between 01.01.2021 and 31.12.2021

	Goods	Total
Value of inventories recognized as expenses during the reporting period	8 056	8 056
Total	**8 056**	**8 056**

Inventories between 01.01.2020 and 31.12.2020

	Goods	Total
Value of inventories recognized as expenses during the reporting period	89 284	89 284
Total	**89 284**	**89 284**

Changes in inventory impairment allowances

None reported.

Inventories pledged as collateral for liabilities

Not applicable.

Note 19. Trade receivables

	31.12.2021	31.12.2020
Gross trade receivables	**123 900**	**1 255 993**
Impairment allowances	**79**	**126**
Trade receivables	**123 821**	**1 255 867**
from affiliates	3 507	60 289
from external entities	120 314	1 195 578

(all figures quoted in PLN thousands unless indicated otherwise)

Changes in impairment allowances on trade receivables

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
FROM AFFILIATES		
Impairment allowances at beginning of period	**-**	**-**
Increases	**-**	**-**
Reductions	**-**	**-**
Impairment allowances at end of period	**-**	**-**
FROM OTHER ENTITIES		
Impairment allowances at beginning of period	**126**	**29**
Increases, including:	**12**	**107**
recognition of impairment allowances on past-due and contested receivables	12	107
Reductions, including:	**59**	**10**
consumption of impairment allowances	53	-
dissolution of impairment allowances	6	8
elimination of impairment allowances due to collection of receivables	-	2
Impairment allowances at end of period	**79**	**126**
Aggregate impairment allowances at end of period (affiliates and other entities)	**79**	**126**

Current and overdue trade receivables as of 31.12.2021

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
AFFILIATES							
gross receivables	3 507	2 496	1 010	1	-	-	-
non-fulfillment ratio	0%	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	**3 507**	**2 496**	**1 010**	**1**	**-**	**-**	**-**

(all figures quoted in PLN thousands unless indicated otherwise)

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	120 393	120 103	162	-	8	-	120
non-fulfillment ratio	0%	0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	79	-	-	-	-	-	79
total expected credit loss	79	-	-	-	-	-	79
Net receivables	**120 314**	**120 103**	**162**	**-**	**8**	**-**	**41**
Total							
gross receivables	123 900	122 599	1 172	1	8	-	120
impairment allowances	79	-	-	-	-	-	79
Net receivables	**123 821**	**122 599**	**1 172**	**1**	**8**	**-**	**41**

Current and overdue trade receivables as of 31.12.2020

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
AFFILIATES							
gross receivables	60 289	60 283	6	-	-	-	-
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	**60 289**	**60 283**	**6**	**-**	**-**	**-**	**-**

(all figures quoted in PLN thousands unless indicated otherwise)

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	1 195 704	1 195 470	64	-	38	-	132
non-fulfillment ratio	0%	0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	126	-	-	-	-	-	126
total expected credit loss	126	-	-	-	-	-	126
Net receivables	**1 195 578**	**1 195 470**	**64**	**-**	**38**	**-**	**6**
Total							
gross receivables	1 255 993	1 255 753	70	-	38	-	132
impairment allowances	126	-	-	-	-	-	126
Net receivables	**1 255 867**	**1 255 753**	**70**	**-**	**38**	**-**	**6**

Trade receivables by currency

	31.12.2021		31.12.2020	
	currency units	PLN equivalent	currency units	PLN equivalent
PLN*	117 545	117 545	1 202 771	1 202 771
EUR	1 056	4 855	2 973	13 721
CAD	316	1 008	-	-
USD	102	413	10 477	39 375
Total		**123 821**		**1 255 867**

** This field also aggregates receivables obtained in association with foreign licensing reports during the current period but invoiced in future reporting periods. For the purposes of this financial statement, such receivables are denominated directly in PLN.*

(all figures quoted in PLN thousands unless indicated otherwise)

Note 20. Other receivables

	31.12.2021	31.12.2020
Other gross receivables, including:	**114 268**	**49 686**
tax returns except corporate income tax	75 562	18 139
advance payments associated with expenditures on development projects	30 435	24 353
advance payments for supplies	5 076	3 962
consortium settlements	1 659	2 073
deposits	650	296
prepayments associated with purchases of PP&E and intangibles	34	38
prepayments associated with purchases of investment properties	79	70
employee compensation settlements	3	5
settlements involving members of management boards of Group member companies	7	7
others	31	11
Impairment allowances	**732**	**732**
Total other gross receivables	**113 536**	**48 954**
short-term	113 163	48 922
long-term	373	32

The “tax returns except corporate income tax” line item also aggregates withholding tax levied at source, in the amount of 70 887 thousand PLN, subject to deduction in the Company’s annual CIT declaration following receipt of certificates stating that this tax has been paid abroad by the Company’s foreign partners

	31.12.2021	31.12.2020
Other gross receivables	**114 268**	**49 686**
Impairment allowances	**732**	**732**
Other receivables, including	**113 536**	**48 954**
from affiliates	1 672	2 080
from external entities	111 864	46 874

Other receivables subject to court proceedings

	31.12.2021	31.12.2020
Other receivables subject to court proceedings	732	732
Impairment allowances on contested receivables	732	732
Net other receivables subject to court proceedings	**-**	**-**

(all figures quoted in PLN thousands unless indicated otherwise)

Other receivables by currency

	31.12.2021		31.12.2020	
	currency units	PLN equivalent	currency units	PLN equivalent
PLN*	77 909	77 909	20 666	20 666
JPY	496 092	17 214	496 092	17 215
USD	4 545	17 214	2 778	10 491
EUR	182	837	106	472
CNY	336	201	-	-
GBP	33	161	22	110
Total		**113 536**		**48 954**

** This field also aggregates withholding tax deducted at source by the Group's foreign partners and reportable in the Company's annual CIT forms filed with domestic tax authorities.*

Trade and other receivables from affiliates

	31.12.2021	31.12.2020
Gross receivables from affiliates	**5 179**	**62 369**
trade receivables	3 507	60 289
other receivables	1 672	2 080
Impairment allowances	**-**	**-**
Net receivables from affiliates	**5 179**	**62 369**

Note 21. Prepaid expenses

	31.12.2021	31.12.2020
Software, licenses	3 545	3 554
Expenses associated with future marketing activities	1 722	1 856
Repairs and renovations	1 470	1 651
Fees associated with right of first refusal	1 378	1 484
Non-life insurance	344	148
Business travel (airfare, accommodation, insurance)	34	6
Marketing campaigns	7	54
Other prepaid expenses	256	148
Total prepaid expenses	**8 756**	**8 901**
short-term	4 015	3 366
long-term	4 741	5 535

(all figures quoted in PLN thousands unless indicated otherwise)

Note 22. Cash and cash equivalents

	31.12.2021	31.12.2020
Cash on hand and bank deposits:	**68 187**	**406 951**
current bank accounts	68 187	406 951
Other monetary assets:	**277 608**	**15 963**
cash in transit	-	10 000
short-term bank deposits (maturity up to 3 months)	239 586	940
cash in investment accounts	38 022	5 023
Total	**345 795**	**422 914**

Restricted cash

Not applicable.

Note 23. Share capital

Share capital structure as of 31.12.2021

Series	Shares outstanding	Nominal value of series/issue	Capital paid up in
A	500 000	500 000	Cash
B	2 000 000	2 000 000	Cash
C	6 884 108	6 884 108	Cash
C1	18 768 216	18 768 216	Cash
D	35 000 000	35 000 000	Non-cash assets
E	6 847 676	6 847 676	Cash
F	3 500 000	3 500 000	Cash
G	887 200	887 200	Cash
H	3 450 000	3 450 000	Cash
I	7 112 800	7 112 800	Cash
J	5 000 000	5 000 000	Cash
K	5 000 000	5 000 000	Cash
L	1 170 000	1 170 000	Cash
M	4 618 800	4 618 800	Cash
Total	**100 738 800**	**100 738 800**	**-**

In March 2021, in the exercise of 84 176 Series B subscription warrants issued under the 2016-2019 incentive program, the entitled parties claimed Series M shares, issued in the framework of a conditional increase in the Company share capital. These shares were admitted to organized trading on 31 March 2021, as a result of which the Company share capital was increased by 84 176 thousand PLN. Following this increase, the Company share capital amounts to 100 738 000 PLN and is divided into 100 738 000 shares with a nominal value of 1 PLN per share.

As of 31 December 2021 the total number of votes afforded by all Company shares is 100 738 000. No changes in the Company share capital occurred after the balance sheet date.

As of 31 December 2021 there remain 32 000 unexercised Series B subscription warrants, entitling their holders to claim an equivalent number of Series M shares. These warrants will expire on 31 October 2022. No changes in the status of these warrants occurred after the balance sheet date.

(all figures quoted in PLN thousands unless indicated otherwise)

Changes in share capital

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Share capital at beginning of period	**100 655**	**96 120**
Increases from:	**84**	**4 535**
issue of shares paid up in cash – incentive program	84	4 535
Reductions	**-**	**-**
Share capital at end of period	**100 739**	**100 655**

Note 24. Own shares

The Company did not purchase any own shares during the reporting period.

Note 25. Other capital contributions

	31.12.2021	31.12.2020
Supplementary capital	1 366 952	737 542
Supplementary capital from sale of shares above nominal value	115 909	113 844
Revaluation capital	4 783	442
Other reserve capital	35 741	35 741
Other reserve capital – incentive program	8 991	10 885
Total	**1 532 376**	**898 454**

(all figures quoted in PLN thousands unless indicated otherwise)

Change in other capital contributions

	Supplementary capital	Supplementary capital from sale of shares above nominal value	Revaluation capital	Reserve capital	Own shares	Other reserve capital – incentive program	Total
As of 01.01.2021*	**737 542**	**113 844**	**442**	**35 741**	**-**	**10 885**	**898 454**
Increases from:	**629 410**	**2 065**	**4 341**	**-**	**-**	**41 249**	**677 065**
payment in own shares	869	2 065	-	-	-	-	2 934
allocation of net profit / coverage of losses	628 541	-	-	-	-	-	628 541
capital contributions mandated by the incentive program	-	-	-	-	-	41 249	41 249
total comprehensive income	-	-	4 341	-	-	-	4 341
Reductions from:	**-**	**-**	**-**	**-**	**-**	**43 143**	**43 143**
payment in own shares	-	-	-	-	-	869	869
capital contributions mandated by the incentive program	-	-	-	-	-	42 274	42 274
As of 31.12.2021	**1 366 952**	**115 909**	**4 783**	**35 741**	**-**	**8 991**	**1 532 376**

** adjusted*

(all figures quoted in PLN thousands unless indicated otherwise)

	Supplementary capital	Supplementary capital from sale of shares above nominal value	Revaluation capital	Reserve capital	Own shares	Other reserve capital – incentive program	Total
As of 01.01.2020*	**744 463**	**3 861**	**-**	**549**	**-**	**54 106**	**802 979**
Increases from:	**387 634**	**109 983**	**442**	**250 000**	**214 259**	**14 944**	**977 262**
creation of reserve capital to finance purchase of own shares	-	-	-	250 000	-	-	250 000
allocation of net profit / coverage of losses	172 826	-	-	-	-	-	172 826
dissolution of reserve capital created to finance purchase of own shares in past years	549	-	-	-	-	-	549
payment in own shares	-	109 983	-	-	214 259	-	324 242
capital contributions mandated by the incentive program	-	-	-	-	-	14 944	14 944
purchase of own shares in the course of implementing the incentive program	214 259	-	-	-	-	-	214 259
total comprehensive income	-	-	442	-	-	-	442
Reductions from:	**394 555**	**-**	**-**	**214 808**	**214 259**	**58 165**	**881 787**
creation of reserve capital to finance purchase of own shares	250 000	-	-	-	-	-	250 000
dissolution of reserve capital created to finance purchase of own shares in past years	-	-	-	549	-	-	549
payment in own shares	144 555	-	-	-	-	58 098	202 653
capital contributions mandated by the incentive program	-	-	-	-	-	67	67
purchase of own shares in the course of implementing the incentive program	-	-	-	214 259	214 259	-	428 518
As of 31.12.2020	**737 542**	**113 844**	**442**	**35 741**	**-**	**10 885**	**898 454**

** adjusted*

(all figures quoted in PLN thousands unless indicated otherwise)

Note 26. Retained earnings

Changes in retained earnings

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
At beginning of period	**-**	**-**
Rectification of errors	(4 179)	-
Adjusted retained earnings	**(4 179)**	**-**
Increases from:	**1 132 235**	**172 826**
allocation of profit from preceding years	1 132 235	172 826
Reductions from:	**1 132 235**	**172 826**
dividend payments	503 694	-
reclassification as reserve capital	628 541	172 826
At end of period	**(4 179)**	**-**

Note 27. Credits and loans

None reported.

Note 28. Other financial liabilities

	31.12.2021	31.12.2020
Lease liabilities	15 471	16 970
Cash flow hedges	17 906	-
Total financial liabilities	**33 377**	**16 970**
Short-term liabilities	**18 620**	**2 053**
Long-term liabilities, including:	**14 757**	**14 917**
between 1 and 5 years	938	992
beyond 5 years	13 819	13 925

As a lessee the Company may potentially incur cash outflows which are not currently included in its valuation of lease liabilities, including:

- With regard to lease agreements reported in Note 34, concerning perpetual usufruct of land comprising the properties at Jagiellońska 74 and 76 – changes in lease fees may result from revaluation of annual payments related to perpetual usufruct of land by adjusting them to reflect the current value of the property or by modifying the base rate upon which fees are calculated.
- With regard to the agreement reported in Note 34, concerning office space in Kraków, which effectively constitutes a lease agreement – changes in lease fees may result from indexation accounting for increases in the retail price index, to which the lessor is contractually entitled.
- With regard to the lease agreement reported in Note 34, concerning office space in Wrocław, which effectively constitutes a lease agreement – changes in lease fees may result from indexation accounting for increases in the retail price index, to which the lessor is contractually entitled.

(all figures quoted in PLN thousands unless indicated otherwise)

Note 29. Other long-term liabilities

	31.12.2021	31.12.2020
Other long-term liabilities, including:	**2 860**	**3 173**
liabilities related to marketing expenses	1 589	1 722
liabilities related to right of first refusal	1 271	1 378
deposits collected	-	73

Other long-term liabilities by due date

	31.12.2021	31.12.2020
Other long-term liabilities, including:	**2 860**	**3 173**
due between 1 and 3 years	720	553
due between 3 and 5 years	480	480
due later than in 5 years	1 660	2 140

Other long-term liabilities by currency

	31.12.2021		31.12.2020	
	currency units	PLN equivalent	currency units	PLN equivalent
PLN	2 860	2 860	3 173	3 173
Total		**2 860**		**3 173**

Note 30. Trade liabilities

	31.12.2021	31.12.2020
Trade liabilities:	**16 028**	**73 024**
payable to affiliates	2 407	1 498
payable to external entities	13 621	71 526

Current and overdue trade liabilities

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
As of 31.12.2021	**16 028**	**12 257**	**1 578**	**10**	**43**	**2 083**	**57**
payable to affiliates	2 407	2 252	155	-	-	-	-
payable to external entities	13 621	10 005	1 423	10	43	2 083	57

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
As of 31.12.2020	**73 024**	**69 974**	**2 928**	**43**	**40**	**23**	**16**
payable to affiliates	1 498	1 498	-	-	-	-	-
payable to external entities	71 526	68 476	2 928	43	40	23	16

(all figures quoted in PLN thousands unless indicated otherwise)

Trade liabilities by currency

	31.12.2021		31.12.2020	
	currency units	PLN equivalent	currency units	PLN equivalent
PLN	7 024	7 024	10 337	10 337
USD	1 638	6 652	6 309	23 712
EUR	322	1 483	7 455	34 404
CNY	1 015	648	3 847	2 209
CAD	51	164	59	172
GBP	5	29	21	108
JPY	707	25	4 043	148
RUB	52	3	32 902	1 648
SEK	-	-	546	251
AUD	-	-	12	35
Total		**16 028**		**73 024**

Note 31. Other short-term liabilities

	31.12.2021	31.12.2020*
Liabilities from other taxes, duties, social security payments and others, except corporation tax	**3 584**	**4 603**
Flat-rate withholding tax	905	976
Personal income tax	1 704	2 220
Social security (ZUS) payments	876	1 329
National Disabled Persons Rehabilitation Fund (PFRON) payments	45	35
PIT-8AR settlements	54	43
Other liabilities	**475**	**330**
Other employee-related liabilities	125	14
Other liabilities payable to Management Board members	37	1
Advance payments received from foreign clients	-	166
Other liabilities	313	149
Total other short-term liabilities	**4 059**	**4 933**

** adjusted*

(all figures quoted in PLN thousands unless indicated otherwise)

Current and overdue other short-term liabilities

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
As of 31.12.2021	**4 059**	**3 935**	**123**	**-**	**1**	**-**	**-**
payable to affiliates	162	38	123	-	1	-	-
payable to external entities	3 897	3 897	-	-	-	-	-

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
As of 31.12.2020	**4 933**	**4 921**	**12**	**-**	**-**	**-**	**-**
payable to affiliates	1	-	1	-	-	-	-
payable to external entities	4 932	4 921	11	-	-	-	-

Other short-term liabilities by currency

	31.12.2021		31.12.2020	
	currency units	PLN equivalent	currency units	PLN equivalent
PLN	3 978	3 978	4 930	4 930
USD	17	70	-	-
EUR	2	11	1	3
Total		**4 059**		**4 933**

Note 32. Internal Social Benefits Fund (ZFŚS): assets and liabilities

Not applicable.

Note 33. Contingent liabilities

Promissory note liabilities from loans received

Not applicable.

(all figures quoted in PLN thousands unless indicated otherwise)

Contingent liabilities from guarantees, sureties and collateral pledged

	Type of agreement	Currency	31.12.2021	31.12.2020
mBank S.A.				
Declaration of submission to enforcement	Collateral for debit card agreement	PLN	920	920
Promissory note agreement	Collateral for framework concerning financial market transactions	PLN	50 000	50 000
Promissory note agreement	Collateral for lease agreement	PLN	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
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	58	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	7 711	7 934
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0110/16	PLN	3 846	5 114
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0112/16	PLN	3 692	3 857
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0118/16	PLN	5 324	5 324
Pekao Leasing Sp. z o.o.				
Promissory note agreement	Lease agreement no. 37/1991/21	PLN	442	-
Santander Bank Polska S.A. (formerly BZ WBK S.A.)				
Promissory note agreement	Framework agreement concerning financial market transactions	PLN	23 500	13 000
Bank Polska Kasa Opieki S.A.				
Promissory note agreement	Framework agreement concerning financial market transactions	PLN	35 000	20 000
BNP Paribas Bank Polska S.A.				
Promissory note agreement	Framework agreement concerning financial market transactions	PLN	26 600	75 000

(all figures quoted in PLN thousands unless indicated otherwise)

Note 34. Lease and sublease agreements

Information concerning depreciation of leased assets is included in Note 3. Interest on lease agreements is presented in Note 5. Information concerning disclosure of assets related to usufruct and the balance sheet value of such assets at the close of the reporting period, divided into base asset categories, is presented in Note 11. Note 49 contains information regarding the total cash outflows related to lease agreements.

Liabilities from lease agreements

Payments outstanding	31.12.2021	31.12.2020
Due within 1 year	714	2 053
Due between 1 and 5 years	938	992
Due later than in 5 years	13 819	13 925
Total lease payments outstanding, including:	**15 471**	**16 970**
short-term liabilities	714	2 053
long-term liabilities	14 757	14 917

Gross liabilities from lease agreements (prior to deduction of financial costs)

	31.12.2021	31.12.2020
Due within 1 year	1 058	2 425
Due between 1 and 5 years	2 071	2 126
Due later than in 5 years	24 387	24 769
Total, including:	**27 516**	**29 320**
short-term liabilities	1 058	2 425
long-term liabilities	26 458	26 895

Income from subleasing of leased assets (usufruct)

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Revenues	40	-
Expenses	40	-
Income	**-**	**-**

(all figures quoted in PLN thousands unless indicated otherwise)

Lease and sublease agreements in force as of 31.12.2021

Subject	Financier	Contract no.	Base value	Base value in currency units	Currency	Contract expiration date	Payments outstanding at end of reporting period	Prolongation conditions and buyout options
Lease agreements								
Passenger car	Pekao Leasing Sp. z o.o	37/1991/21	614	614	PLN	14.12.2023	377	Lessee is entitled to buy out the leased asset – the contractual net buyout charge is 135 thousand PLN
Passenger car	BMW Financial Services Polska Sp. z.o.o.	LO/40953/0421	377	377	PLN	08.04.2023	201	Lessee is entitled to buy out the leased asset – the contractual net buyout charge is 135 thousand PLN
Passenger car	Carefleet S.A.	UG20002163	118	118	PLN	06.08.2023	123	Lessee is entitled to buy out the leased asset – the contractual net buyout charge is 80 thousand PLN
Jagiellońska 74 – plots no. 12 and 13	State Treasury	Deed issued on 31.10.2019	8 623	8 623	PLN	05.12.2089	8 499	Lessee is not entitled to buy out the leased asset
Jagiellońska 74 – plot no. 14	Municipality of Warsaw	Deed issued on 31.10.2019	1 468	1 468	PLN	12.04.2100	1 452	Lessee is not entitled to buy out the leased asset
Jagiellońska 76	State Treasury	Deed issued on 31.12.2018	4 449	4 449	PLN	05.12.2089	4 376	Lessee is not entitled to buy out the leased asset
Kraków office	Prestige Property Group Sp. z o.o	Lease agreement concluded on 20.07.2016	3 715	864	EUR	31.03.2022	351	Lessee is not entitled to buy out the leased asset
Wrocław office	Wisher Enterprise Sp. z o.o.	Lease agreement concluded on 24.10.2019	806	180	EUR	31.01.2022	45	Lessee is not entitled to buy out the leased asset
Parking lot at Jagiellońska 78	Sokołowo Sp. z o.o.	Lease agreement concluded on 01.01.2020	174	174	PLN	31.12.2022	87	Lessee is not entitled to buy out the leased asset
Sublease agreements								
Parking lot at Jagiellońska 78	CD Projekt S.A.	Lease agreement no. WPA 469/17 concluded on 31.07.2017	79	79	PLN	31.12.2022	40	Lessee is not entitled to buy out the leased asset
Total			**20 265**				**15 471**	

(all figures quoted in PLN thousands unless indicated otherwise)

Short-term lease agreements and lease of low-value assets

The Company 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 Company regards these agreements as either short-term or concerning low-value assets and, consequently, does not apply the new standard to these agreements in line with the practical expedient specified in Art. 5 of the new standard. In such cases lease payments are reported as costs during the period in which they are incurred, using either the straight-line method or another method which best reflects the breakdown of payments throughout the duration of the agreement (information regarding costs related to such agreements, incurred between 1 January and 31 December 2021, can be found in Note 3).

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

	31.12.2021	31.12.2020
Due within 1 year	118	176
Due between 1 and 5 years	149	170
Due later than in 5 years	-	-
Total	**267**	**346**

Note 35. Deferred revenues

	31.12.2021	31.12.2020
Subsidies	**8 224**	**14 749**
Animation Excellence (GameINN)	1 846	3 730
City Creation (GameINN)	3 701	6 977
Seamless Multiplayer (GameINN)	905	905
Cinematic Feel (GameINN)	1 772	3 137
Future period revenues	**21 221**	**28 447**
Future period sales	21 186	28 427
Official phone rental	35	20
Total, including:	**29 445**	**43 196**
short-term deferrals	23 042	42 286
long-term deferrals	6 403	910

Future period sales represent mainly royalties obtained or obtainable in association with customer preorders of digital editions of PC games scheduled for release in future reporting periods, prepayments related to royalties collected from publishers and distribution partners, as well as advance payments for goods received from suppliers.

(all figures quoted in PLN thousands unless indicated otherwise)

Note 36. Provisions for employee benefits and similar liabilities

	31.12.2021	31.12.2020
Provisions for retirement benefits and pensions	373	380
Total, including:	**373**	**380**
short-term provisions	5	3
long-term provisions	368	377

The following assumptions were made by the actuary when calculating provisions:

	31.12.2021	31.12.2020
Discount rate (%)	3.41	1.59
Projected inflation rate (%)	3.41	1.59
Employee turnover rate (%) – average age	11.6% - 34 years	9.2% - 33 years
Projected annual rate of salary growth (%)	10% in 2022-2023; 6% in later years	8% in 2021-2022; 5% in later years
Mortality rates published by the Central Statistical Office (year of estimation)	2020	2019
Likelihood of disability during the fiscal year	0.1%	0.1%

Statistical methods were employed by an actuary to construct and calibrate a mobility model for Company employees, based on the Multiple Decrement paradigm. The model was calibrated using historical data supplied by the Company. Based on publicly available statistical data and the actuary's own analysis, the mobility coefficient was assumed to decrease with age. The valuation model is highly sensitive to changes in mobility coefficients and should therefore be subject to frequent verifications and updates.

Changes in provisions for employee benefits and similar liabilities

	Provisions for retirement benefits and pensions	Total
As of 01.01.2021	**380**	**380**
Provisions dissolved	7	7
As of 31.12.2021, including:	**373**	**373**
short-term provisions	5	5
long-term provisions	368	368

	Provisions for retirement benefits and pensions	Total
As of 01.01.2020	**248**	**248**
Provisions created	132	132
As of 31.12.2020, including:	**380**	**380**
short-term provisions	3	3
long-term provisions	377	377

(all figures quoted in PLN thousands unless indicated otherwise)

Note 37. Other provisions

	31.12.2021	31.12.2020
Provisions for returns	**-**	**194 537**
Provisions for liabilities, including:	**81 528**	**280 409**
provisions for compensation contingent upon the Company's financial result, and other compensation	44 714	246 278
provisions for financial statement audit and review expenses	102	45
provisions for other expenses	36 712	34 086
Total, including:	**81 528**	**474 946**
short-term provisions	76 160	329 333
long-term provisions	5 368	145 613

Changes in other provisions

	Provisions for returns	Provisions for compensation contingent upon the Company's financial result and other compensation	Other provisions	Total
As of 01.01.2021	**194 537**	**246 278**	**34 131**	**474 946**
Provisions created during the financial year	42 635	46 880	94 956	184 471
Provisions consumed	136 236	246 937	74 435	457 608
Provisions dissolved	100 936	1 507	17 838	120 281
As of 31.12.2021, including:	**-**	**44 714**	**36 814**	**81 528**
short-term provisions	-	44 714	31 446	76 160
long-term provisions	-	-	5 368	5 368

	Provisions for returns	Provisions for compensation contingent upon the Company's financial result and other compensation	Other provisions	Total
As of 01.01.2020	**-**	**33 310**	**2 527**	**35 837**
Provisions created during the financial year	194 537	246 278	36 191	477 006
Provisions consumed	-	33 310	4 587	37 897
As of 31.12.2020, including:	**194 537**	**246 278**	**34 131**	**474 946**
short-term provisions	48 924	246 278	34 131	329 333
long-term provisions	145 613	-	-	145 613

(all figures quoted in PLN thousands unless indicated otherwise)

Note 38. Disclosure of financial instruments

Fair value of financial instruments per class

Following an analysis of each class of financial instruments held by the Company the Management Board has reached the conclusion that their carrying amounts in all cases reflect their corresponding fair value, both as of 31 December 2021 and as of 31 December 2020 respectively.

	31.12.2021	31.12.2020
LEVEL 1		
Assets estimated at fair value		
Financial assets estimated at fair value through other comprehensive income	**228 661**	**97 397**
foreign government bonds – CHF	-	32 023
foreign government bonds – EUR	24 517	20 829
foreign government bonds – USD	204 144	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:	**(17 906)**	**-**
forward currency contracts – EUR	(455)	-
forward currency contracts – USD	(17 451)	-

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

(all figures quoted in PLN thousands unless indicated otherwise)

Financial assets – classification and estimation

	31.12.2021	31.12.2020
Financial assets estimated at amortized cost	**993 036**	**1 899 925**
Other long-term receivables	373	32
Trade receivables	123 821	1 255 867
Cash and cash equivalents	345 795	422 914
Bank deposits (maturity beyond 3 months)	265 000	164 368
State Treasury bonds and bonds guaranteed by the State Treasury	248 755	49 588
Loans granted	9 292	7 156
Financial assets estimated at fair value through other comprehensive income	**228 661**	**97 397**
Foreign government bonds	228 661	97 397
Financial assets estimated at fair value through financial result	**-**	**6 449**
Derivative financial instruments	-	6 449
Total financial assets	**1 221 697**	**2 003 771**

Financial liabilities – classification and estimation

	31.12.2021	31.12.2020
Financial liabilities held at amortized cost	**49 405**	**89 994**
Trade liabilities	16 028	73 024
Other financial liabilities	33 377	16 970

In line with the requirements of **IFRS 9** *Financial Instruments* the Company has carried out an analysis of the business model concerning management of financial assets and of the characteristics of contractual cash flows for each component of the bond portfolio. This led the Company to conclude the following:

- The purpose of the conducted investments in domestic and foreign treasury bonds, as well as domestic bonds guaranteed by the State Treasury, is to hold to maturity and collect the associated contractual cash flows;
- The investment mandates covering management the Company's foreign bond portfolio also permit sale of bonds prior to the expiration of their respective redemption periods in the framework of the adopted strategy;
- All purchased bonds pass the SPPI test.

As a result of the presented analysis, the purchased bonds were assigned to two distinct financial asset management models identified by the entity which manages the bond portfolio. Polish State Treasury bonds and bonds guaranteed by the Polish State Treasury – given the intent to hold them to maturity and collect the associated contractual cash flows – were estimated at amortized cost. Foreign treasury bonds – given the investment mandate which permits management of portfolio by the Asset Manager – were estimated at fair value through other comprehensive income.

(all figures quoted in PLN thousands unless indicated otherwise)

Profits and losses from financial assets and liabilities

01.01.2021 – 31.12.2021	Financial assets estimated at amortized cost				Financial assets estimated at fair value through financial result	Financial liabilities estimated at amortized cost	Total
	Trade receivables	Bonds issued or guaranteed by the State Treasury and bonds issued by foreign governments	Loans granted	Cash, cash equivalents and bank deposits with maturity periods beyond 3 months	Derivative financial instruments	Other financial liabilities	
Revenues/(expenses) from interest	-	534	205	68	-	(464)	343
Creation of impairment allowances	(12)	-	-	-	-	-	(12)
Dissolution of impairment allowances	6	-	-	-	-	-	6
Profit (loss) from sale of debt instruments	-	(1 436)	-	-	-	-	(1 436)
Fees and commission on purchases of debt instruments	-	(364)	-	-	-	-	(364)
Forward contract estimation	-	-	-	-	2 271	-	2 271
Total profit / (loss)	**(6)**	**(1 266)**	**205**	**68**	**2 271**	**(464)**	**808**

(all figures quoted in PLN thousands unless indicated otherwise)

01.01.2020 – 31.12.2020	Financial assets estimated at amortized cost				Financial assets estimated at fair value through financial result	Financial liabilities estimated at amortized cost	Total
	Trade receivables	Bonds issued or guaranteed by the State Treasury and bonds issued by foreign governments	Loans granted	Cash, cash equivalents and bank deposits with maturity periods beyond 3 months	Derivative financial instruments	Other financial liabilities	
Revenues/(expenses) from interest	-	(31)	142	7 426	-	(291)	7 246
Creation of impairment allowances	(107)	-	-	-	-	-	(107)
Dissolution of impairment allowances	10	-	-	-	-	-	10
Profit (loss) from sale of debt instruments	-	(1 081)	-	-	-	-	(1 081)
Fees and commission on purchases of debt instruments	-	(128)	-	-	-	-	(128)
Forward contract estimation	-	-	-	-	8 250	-	8 250
Total profit / (loss)	**(97)**	**(1 240)**	**142**	**7 426**	**8 250**	**(291)**	**14 190**

(all figures quoted in PLN thousands unless indicated otherwise)

Note 39. Equity management

The main goal of equity management at the Company is to retain a good credit rating and safe capital indicators, facilitating Company operations, enabling implementation of future development and publishing plans, and increasing shareholder value.

The Company actively manages its equity structure, resulting in changes which reflect changing economic conditions. In order to retain or adjust said structure, the Company may pay out dividends to shareholders, return capital to shareholders or issue new shares. The Company monitors its capital status by applying a leverage ratio which is calculated as the ratio of net borrowing versus total equity increased by net borrowing. As of 31 December 2021 the value of cash assets held by the Company is in excess of its sum of trade liabilities and other liabilities. Consequently, the Company reports a positive cash balance.

Nota 40. Employee share programs

2016-2019 incentive program

On 24 May 2016 the General Meeting of Shareholders of the Company voted to institute an incentive program covering the years 2016-2021, for the benefit of individuals deemed to have a key influence on the Group's activities. Following attainment of the program's goals for the years 2016-2019, as officially confirmed in 2020, a total of 5 167 500 exercisable entitlements were held by participants.

In the course of implementing the program, in 2020 the Company sold to entitled parties a total of 516 700 shares of its own stock, previously bought back on the open market. The remaining entitlements vested by way of issuing 4 650 800 subscription warrants, of which 4 534 624 were exercised by 31 December 2020. In March 2021, another 84 176 warrants were exercised, as a result of which the entitled parties claimed Series M shares, newly issued in the framework of a conditional increase in the Company share capital. These shares were admitted to organized trading on 31 March 2021, as a result of which the share capital of the Company was increased by 84 176 PLN.

As of the publication date of this financial statement there remain 32 000 unexercised Series B subscription warrants, entitling holders to claim the equivalent number of shares of the Company. These warrants will expire on 31 October 2022.

Incentive program estimation – assumed indicators

Grant date	CDR volatility index	WIG volatility index	WIG/CDR correlation coefficient	Risk-free rate
Entitlements granted on 29.06.2020	41%	19%	51%	0.2%
Entitlements granted on 17.06.2019	38%	14%	41%	1.8%
Entitlements granted on 08.01.2019	38%	15%	41%	2.1%
Entitlements granted on 11.06.2018	34%	14%	38%	2.3%
Entitlements granted on 04.12.2017	32%	14%	37%	2.6%
Entitlements granted on 06.09.2017	32%	14%	37%	2.5%
Entitlements granted on 29.08.2017	32%	14%	37%	2.6%
Entitlements granted on 18.05.2017	32%	15%	38%	2.8%
Entitlements granted on 05.01.2017	32%	16%	37%	3.0%
Entitlements granted on 17.11.2016	32%	16%	37%	2.4%
Entitlements granted on 05.07.2016	32%	16%	39%	2.5%

Grant date

Throughout the duration of the program the Company issued grants of eligibility in 11 batches. The fair value of assigned entitlements was, in each case, calculated on the corresponding grant date using modern financial engineering methods and numerical algorithms (an extension of the so-called Black-Scholes-Morton model) by a licensed actuary entered in the register of actuaries maintained by the Financial Supervision Authority (cf. above table).

(all figures quoted in PLN thousands unless indicated otherwise)

Classification of estimation conditions

The condition associated with changes in the Company stock price vs. changes in the value of the WIG index and the condition specifying that on the day of exercise the market price must be above the acquisition price are considered market conditions. Conditions related to increases in net profits are considered non-market conditions. Formal terms (e.g. correct and timely filing of the relevant documentation), loyalty criteria and any other terms not related to share price are also treated as non-market conditions, as is the requirement of survival until the exercise date and other similar stipulations.

Changes in entitlements granted under the 2016-2019 incentive program

	01.01.2020 – 31.12.2020	
	Entitlements granted	**Exercise price (PLN)**
Unexercised at beginning of period	6 000 000	25.7 or 22.35
Granted but unexercised at beginning of period	5 535 000	25.7 or 22.35
Granted	500	25.7 or 22.35
Forfeited	368 000	25.7 or 22.35
Exercised	5 167 500	25.7 or 22.35
Unexercised at end of period	-	-
Granted but unexercised at end of period	-	-

2020-2025 incentive program

As mandated by the General Meetings of the Company held on 28 July 2020 and 22 September 2020, the Company instituted another (third) edition of its incentive program, covering the years 2020-2025. In line with the adopted stipulations, a total of 4 000 000 entitlements may be granted under the program, each entitling its holder to conditionally claim subscription warrants which incorporate the right to acquire Company shares issued in the framework of a conditional increase in the Company share capital, or, alternatively, purchase the Company's own shares on preferential terms. Acquisition and exercise of subscription warrants or the purchase of the Company's own shares by the entitled parties, as appropriate, is predicated upon attaining certain goals and criteria defined under the program. These include earnings goals (80% of entitlements), market goals (20% of entitlements), additional individual goals (in selected cases) as well as – in all circumstances – fulfillment of a loyalty criterion up until the day the attainment of the program's goals and criteria is declared.

As of the balance sheet date, 2 275 000 entitlements have been granted under the 2020-2025 incentive program.

Incentive program estimation – assumed indicators

Grant date	CDR volatility index	WIG volatility index	WIG/CDR correlation coefficient	Risk-free rate
Entitlements granted on 30.10.2020	38%	17%	44%	0.7%
Entitlements granted on 10.11.2020	38%	17%	44%	0.7%
Entitlements granted on 12.08.2021	42%	17%	42%	1.3%

Grant date

In 2020 the Company issued grants of eligibility in two batches. In 2021 additional entitlements were assigned on one occasion (pursuant to Management Board resolution of 10 August 2021). In each case the fair value of assigned entitlements was calculated on the corresponding grant date using modern financial engineering methods and numerical algorithms (an extension of the so-called Black-Scholes-Morton model) by a licensed actuary entered in the register of actuaries maintained by the Financial Supervision Authority (cf. above table).

Classification of estimation conditions

The condition associated with changes in the Company stock price vs. changes in the value of the WIG index and the condition specifying that on the day of exercise the market price must be above the acquisition price are considered market conditions. Conditions related to increases in net profits are considered non-market conditions. Formal terms (e.g. correct and timely filing of the relevant documentation), loyalty criteria and any other terms not related to share price are also treated as non-market conditions, as is the requirement of survival until the exercise date and other similar stipulations.

(all figures quoted in PLN thousands unless indicated otherwise)

Shares outstanding on grant date

On each grant date in 2020 the Company had 96 120 000 shares outstanding.

On the additional grant date in 2021 the Company had 100 738 800 shares outstanding.

Status of the program

Based on the Group's 2020 and 2021 earnings, as well as assumptions concerning further years covered by the incentive program, the Management Board has performed an analysis of the feasibility of attaining the result goal as defined for the entire duration of the program, and has consequently revised its projections, declaring that the most likely outcome is that the result goal for the duration of the program cannot be attained.

Changes in entitlements granted under the 2020-2025 incentive program

	01.01.2021 – 31.12.2021		01.01.2020 – 31.12.2020	
	Entitlements granted	**Exercise price (PLN)**	**Entitlements granted**	**Exercise price (PLN)**
Unexercised at beginning of period	4 000 000	390.59 or 371.06	-	-
Granted but unexercised at beginning of period	2 592 000	390.59 or 371.06	-	-
Granted	30 000	390.59 or 371.06	2 617 000	390.59 or 371.06
Forfeited	347 000	390.59 or 371.06	25 000	390.59 or 371.06
Unexercised at end of period	4 000 000	390.59 or 371.06	4 000 000	390.59 or 371.06
Granted but unexercised at end of period	2 275 000	390.59 or 371.06	2 592 000	390.59 or 371.06

Note 41. 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 the Company 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.

(all figures quoted in PLN thousands unless indicated otherwise)

Transactions with affiliates

	Sales to affiliates		Purchases from affiliates		Receivables from affiliates		Liabilities due to affiliates	
	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
SUBSIDIARIES								
GOG sp. z o.o.	14 048	100 054	1 978	571	3 411	61 660	232	181
CD PROJEKT Inc.	515	764	12 203	14 921	511	1 834	948	558
CD PROJEKT Co., Ltd. (in liquidation)	-	-	6 629	3 701	-	-	-	557
Spokko sp. z o.o.	1 417	495	-	-	9 113	4 601	-	-
CD PROJEKT RED STORE sp. z o.o.	1 222	1 909	243	818	421	1 423	158	202
CD PROJEKT RED Vancouver Studio Ltd.	-	-	2 889	-	1 008	-	164	-
The Molasses Flood LLC	-	-	2 616	-	-	-	1 018	-
MANAGEMENT BOARD MEMBERS								
Marcin Iwiński	18	10	-	-	-	5	20	-
Adam Kiciński	4	4	-	-	-	-	5	-
Piotr Nielubowicz	5	7	-	-	-	2	-	-
Michał Nowakowski	22	10	-	-	-	-	7	1
Adam Badowski	9	4	-	-	7	-	5	-
Piotr Karwowski	1	-	-	-	-	-	-	-

(all figures quoted in PLN thousands unless indicated otherwise)

Note 42. Compensation of top management and Supervisory Board members

Benefits paid out to Management Board members

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Base salary	62	21
Compensation for duties performed	1 985	1 942
Bonuses and compensation contingent upon the Company’s financial result for the previous year	106 198	16 129
Total	**108 245**	**18 092**

Benefits paid out to other top executives

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Base salaries	24 600	11 423
Compensation for duties performed	547	228
Bonuses and compensation contingent upon the Company’s financial result	36 898	4 574
Total	**62 045**	**16 225**

Benefits paid out to Supervisory Board members

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Compensation for duties performed	481	408
Total	**481**	**408**

Note 43. Employment

Average employment

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Average employment	384	320
Total	**384**	**320**

Churn rate

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Employees hired	106	122
Employees dismissed	65	26
Total	**41**	**96**

Employment in the scope of R&D activities

	31.12.2021	31.12.2020
Employees	195	166
Total	**195**	**166**

(all figures quoted in PLN thousands unless indicated otherwise)

Note 44. Activated borrowing costs

Not applicable.

Nota 45. 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.

R&D tax relief and R&D center status; 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 46. Events following the balance sheet date

- Appointment of new Management Board members, as disclosed in Current Report no. 4/2022

On 26 January 2022 the Company announced that its Supervisory Board had appointed Mr. Jeremiah Cohn and Mr. Paweł Zawodny to the Management Board of the Company, effective on 1 February 2022.

- Update on court proceedings in the USA – conclusion of a formal settlement agreement, as disclosed in Current Report no. 5/2022

In Current Report no. 5/2022 of 28 January 2022 the Company provided an update on litigation pending before the US District Court of the Central District of California, by announcing that on 27 January 2022 it had received from the law firm representing the Company in matters related to this class action lawsuit information concerning conclusion of a formal Stipulation and Agreement of Settlement, along with the required annexes. The provisions of this settlement agreement elaborate upon and are materially consistent with the previously concluded Settlement Term Sheet which had been announced by the Company in Current Report no. 45/2021 of 16 December 2021.

An additional agreement was also concluded, as is standard practice in such cases, listing the circumstances under which the Company retains the right to withdraw from the settlement agreement. This document (as well as in the previously concluded Settlement Term Sheet) includes a statement whereby the Company and other defendants named in the case expressly deny any wrongdoing.

The formal settlement agreement was filed in the Court on 27 January 2022 along with a motion requesting its approval.

- Suspension of distribution of the Company's Group's products and games distributed by the GOG.COM platform on the territories of Russia and Belarus, as disclosed in Current Report no. 6/2022

On 3 March 2022 the Company announced that it had decided to suspend sales of its Group's products and distribution of games on the GOG.COM platform on the territories of Russia and Belarus.

The Company estimates that over the past 12 months the aggregate share of Russia and Belarus in revenues from sales of products in the CD PROJEKT RED segment and in GOG.COM sales revenues amounted to 5.4% and 3.7% respectively.

- Disclosure of inside information concerning initiation of negotiations and conclusion of an agreement with Epic Games International S.à r.l., as disclosed in Current Report no. 7/2022

On 21 March 2022 the Company publicly disclosed inside information which arose on 20 December 2021 and was subject to delayed disclosure under Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, to wit:

"On 20 December 2021 the Management Board of CD PROJEKT S.A. undertook the decision to enter into negotiations with Epic Games."

The Company further announced that following the conclusion of negotiations, on 21 March 2022 it had signed a licensing and partnership agreement with Epic Games International S.à r.l. The agreement specifies the conditions under which the Company is permitted to use the Unreal Engine, and establishes a framework of cooperation between the parties in the scope of developing and improving the engine to adapt it to the requirements of open-world games, such as those developed by the Company. The agreement is regarded as strategically important for both parties.

Under the agreement the Company gains the right to develop and publish games powered by Unreal Engine 4, 5 and subsequent versions. The agreement was concluded for a period of 15 years with a prolongation option. It places no restriction on the number of games created with the use of Unreal Engine. Epic Games will also provide dedicated technical support for games published by the Company.

- Updated decision concerning diversification of surplus cash assets, as disclosed in Current Report no. 8/2022

On 25 March 2022 the Company announced that it had changed its existing surplus cash asset diversification policy.

The updated policy specifies that debt instruments held by the Company may account for not more than 80% of the Company's current financial assets, which are defined as the sum of the following: cash and near-cash, bank deposits with maturity periods longer than 3 months, Polish State Treasury bonds, other bonds guaranteed by the Polish State Treasury and bonds issued by foreign governments, estimated at the price specified in the corresponding forward contract hedges. Cash assets may be invested in the following types of bonds:

a) domestic bonds issued by the Polish State Treasury,

b) domestic bonds guaranteed by the Polish State Treasury,

c) foreign treasury bonds issued by countries with a credit rating of at least Aa3 according to Moody's,

d) foreign bonds guaranteed by countries with a credit rating of at least Aa3 according to Moody's.

The updated policy also upholds the Company's decision to hedge the interest rate risks associated with holding bonds denominated in foreign currencies through offsetting purchases of derivative financial instruments, particularly forward contracts, with an added stipulation that up to 15% of cash assets may be allocated to unhedged securities denominated in USD or EUR.

- Effect of the political and economic situation in Ukraine on the activities of the CD PROJEKT Group

Effect on sales

In response to the Russian armed invasion of Ukraine, on 3 March 2022 the Management Board of CD PROJEKT decided to suspend sales of CD PROJEKT Group products as well as games distributed on the GOG.COM platform on the territory of Russia and Belarus. The Company estimates that throughout the 12-month period between March 2021 and February 2022 the aggregate share of Russia and Belarus in revenues from sales of products in the CD PROJEKT RED segment and in GOG.COM sales revenues amounted to 5.4% and 3.7% respectively. At an early stage of hostilities the Polish currency (in which most expenses borne by the Group are denominated) weakened substantially against USD and EUR, i.e. the main currencies in which the Group obtains sales revenues. Given that most of the Group's sales are exports, this strengthening of foreign currencies against the domestic currency should be viewed as a favorable circumstance.

Risks associated with the current political and economic situation in Ukraine

The Company continually monitors the effects of the current political and economic situation in Ukraine, Russia and Belarus upon the activities of the CD PROJEKT Group.

The Company has terminated, or is in the process of terminating collaboration with Russian suppliers. At the present time the Company does not intend to initiate any further collaboration with Russian or Belorussian entities.

As of the publication date of this financial statement the Group's operating activities proceed unhindered, and the effect of the Russian armed invasion of Ukraine do not have a significant negative impact on the Group's operations.

In the Management Board's opinion the current political and economic situation in Ukraine does not affect the quantitative data contained in this financial statement, does not provide a reason to suspect impairment of assets, should not have a significant negative effect on the Group's earnings in 2022, and does not jeopardize continuation of the Company's activities within 12 months of the conclusion of the reporting period. Given the unprecedented character of current events and significant uncertainty associated therewith – particularly the lack of reliable knowledge concerning the duration of the Russian invasion – as of the publication date of this report it is impossible to accurately predict the long-term effects of the invasion upon the condition and earnings of the Company and its Group. Any assessments and forecasts in this regard are fraught with uncertainty, and will be subject to further monitoring and analysis by the Group.

Insofar as possible, the above assessment reflects the Company's knowledge as of the publication date of this financial statement.

Further information on events which occurred after the balance sheet date can be found in the Management Board report on CD PROJEKT Group and CD PROJEKT S.A. activities in 2021.

Note 47. Disclosure of transactions with entities contracted to perform audits of financial statements

Compensation paid out or payable during the fiscal year	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
for auditing the annual financial statement and the consolidated financial statement	100	100
for other attestation services, including reviewing financial statements and the consolidated financial statement	60	60
Total	**160**	**160**

Note 48. Clarifications regarding the cash flow statement

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Cash and cash equivalents reported in cash flow statement	**345 795**	**422 914**
Cash on balance sheet	345 795	422 914
Depreciation:	**12 658**	**5 647**
Depreciation of intangibles	2 730	1 576
Depreciation of PP&E	9 889	3 992
Depreciation of investment properties	39	79
Profit (loss) from exchange rate differences	**(15 118)**	**2 223**
Exchange rate differences on valuation of bonds	(15 047)	2 220
Exchange rate differences on valuation of loans granted as of the balance sheet date	(71)	3
Interest and share in profits consist of:	**(343)**	**(7 246)**
Interest on bank deposits	(68)	(7 426)
Interest on bonds	(534)	31
Interest charged on loans granted	(205)	(142)
Interest on lease agreements	464	291
Profit (loss) from investment activities results from:	**41 323**	**(5 438)**
Revenues from sales of PP&E	(1 014)	(17)
Net value of PP&E sold	878	-
Net value of PP&E liquidated	668	49
Net value of intangibles liquidated	-	3
Net value of investment properties liquidated	51	1 630
Impairment allowances on PP&E, intangibles and expenditures on development projects	20 806	-
Impairment allowances on shares in subsidiaries	1 668	-
PP&E received free of charge	-	(62)
Settlement and estimation of derivative instruments	16 466	(8 250)
Bond purchase fees	364	128
Revenues from maturation of bonds	(82 718)	(59 429)
Value of bonds held to maturity	84 154	60 510
Changes in provisions result from:	**(307 704)**	**359 214**
Balance of changes in provisions for liabilities	(393 418)	439 109
Balance of changes in provisions for employee benefits	(7)	132
Provisions for compensation contingent upon the Company's financial result aggregated with expenses on development projects	85 721	(80 027)
Changes in inventory status result from:	**(9 712)**	**4 658**
Balance of changes in inventory status	(9 712)	4 658

(all figures quoted in PLN thousands unless indicated otherwise)

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Changes in receivables result from:	**1 067 693**	**(1 110 415)**
Balance of changes in short-term receivables	1 067 805	(1 093 448)
Balance of changes in long-term receivables	(341)	34
Balance of changes in advance payments for investment properties	9	70
Income tax set against withholding tax	8 197	3 878
Withholding tax paid abroad	(5 858)	(13 762)
Current income tax adjustments	(8 197)	(23 114)
Changes in advance payments related to expenditures on development projects	6 082	16 266
Changes in advance payments related to purchase of PP&E and intangibles	(4)	(339)
Changes in short-term liabilities except financial liabilities result from:	**(57 773)**	**47 553**
Balance of changes in short-term liabilities	(18 154)	49 756
Current income tax adjustments	(23 149)	(1 296)
Changes in financial liabilities	(16 567)	(621)
Adjustments for changes in liabilities due to purchase of PP&E	118	(1 138)
Adjustments for changes in liabilities due to purchase of intangibles	62	745
Adjustment for liabilities related to purchase of investment properties	(10)	87
Adjustment for liabilities booked on the other side as deferrals	(73)	20
Changes in other assets and liabilities result from:	**(13 846)**	**(111 936)**
Balance of changes in prepaid expenses	145	(3 270)
Balance of changes in deferred revenues	(13 751)	(108 406)
Adjustment for prepaid expenses booked on the other side as liabilities	(240)	(260)
Other adjustments include:	**2 277**	**16 566**
Cost of incentive program	(895)	14 140
Depreciation aggregated with cost of products, services, goods and materials sold, consortium settlements and other operating expenses	3 190	2 426
Miscellaneous adjustments	(18)	-

(all figures quoted in PLN thousands unless indicated otherwise)

Note 49. Cash flows and other changes resulting from financial activities

	01.01.2021	Cash flows	Non-cash changes							31.12.2021
			Acquisition of PP&E under lease agreements	Dissolution of lease agreements	Exchange rate differences	Accrued interest	Assignment of own shares	Resolution concerning purchase of own shares	Resolution concerning dividend payment	
Lease liabilities	16 970	(3 259)	1 236	(18)	78	464	-	-	-	15 471
Liabilities due to shareholders in association with dividend payment	-	(503 694)	-	-	-	-	-	-	503 694	-
Receivables from entitled parties under the incentive program		2 149	-	-	-	-	(2 149)	-	-	-
Total	**16 970**	**(504 804)**	**1 236**	**(18)**	**78**	**464**	**(2 149)**	**-**	**503 694**	**15 471**

(all figures quoted in PLN thousands unless indicated otherwise)

	01.01.2020	Cash flows	Non-cash changes							31.12.2020
			Acquisition of PP&E under lease agreements	Dissolution of lease agreements	Exchange rate differences	Accrued interest	Assignment of own shares	Resolution concerning purchase of own shares	Resolution concerning dividend payment	
Lease liabilities	17 347	(2 306)	1 517	-	121	291	-	-	-	16 970
Liabilities associated with purchase of own shares	-	(214 259)	-	-	-	-	-	214 259	-	-
Receivables from entitled parties under the incentive program	-	126 124	-	-	-	-	(126 124)	-	-	-
Total	**17 347**	**(90 441)**	**1 517**	**-**	**121**	**291**	**(126 124)**	**214 259**	**-**	**16 970**

(all figures quoted in PLN thousands unless indicated otherwise)

Note 50. Expenditures on development projects

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Employee remuneration	17 614	43 628
Compensation of collaborators	27 020	84 615
Purchases, including:	6 762	9 999
machinery and equipment	4 750	3 093
computer software	1 859	4 953
intangibles	153	1 953
Other expenditures	31 225	73 769
Total expenditures on development projects	**82 621**	**212 011**

Information presented in this note covers R&D expenditures, as well as expenditures on development projects presented in Note 11 as Development projects in progress and Development projects completed.

Further information concerning R&D work underway at the Company can be found in the Management Board report on CD PROJEKT Group and CD PROJEKT S.A. activities in 2021.

Statement of the Management Board

With regard to the correctness of the annual separate 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 Company hereby states that, to the best of its knowledge, this annual separate financial statement and comparative data contained herein have been prepared in accordance with all accounting regulations applicable to CD PROJEKT S.A. and that they constitute a true, unbiased and clear description of the finances and assets of the Company as well as its current profit and loss balance.

This separate financial statement conforms to International Financial Reporting Standards (IFRS) approved by the European Union and in force as of 31 December 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 audit the annual separate financial statement

On 14 May 2020 the Supervisory Board of the 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).

As declared by the Supervisory Board of the Company:

- Grant Thornton Polska sp. z o.o. sp. k. with a registered office in Poznań, along with members of the audit team, fulfill the necessary criteria to ensure an unbiased and independent audit of the annual separate financial statement of CD PROJEKT S.A. and the consolidated statement of the CD PROJEKT Group for the fiscal year ending on 31 December 2021, as defined under the relevant legislation, standards of professional conduct and professional ethics guidelines,
- The CD PROJEKT Group observes existing regulations governing rotation of auditing companies and head auditors, as well as mandatory grace periods,
- CD PROJEKT S.A. has instituted a policy regulating selection of auditing companies and procurement by CD PROJEKT S.A. from auditing companies, their affiliates or members of their business networks, of additional services not directly related to financial audits, including services which auditing companies are conditionally authorized to perform.

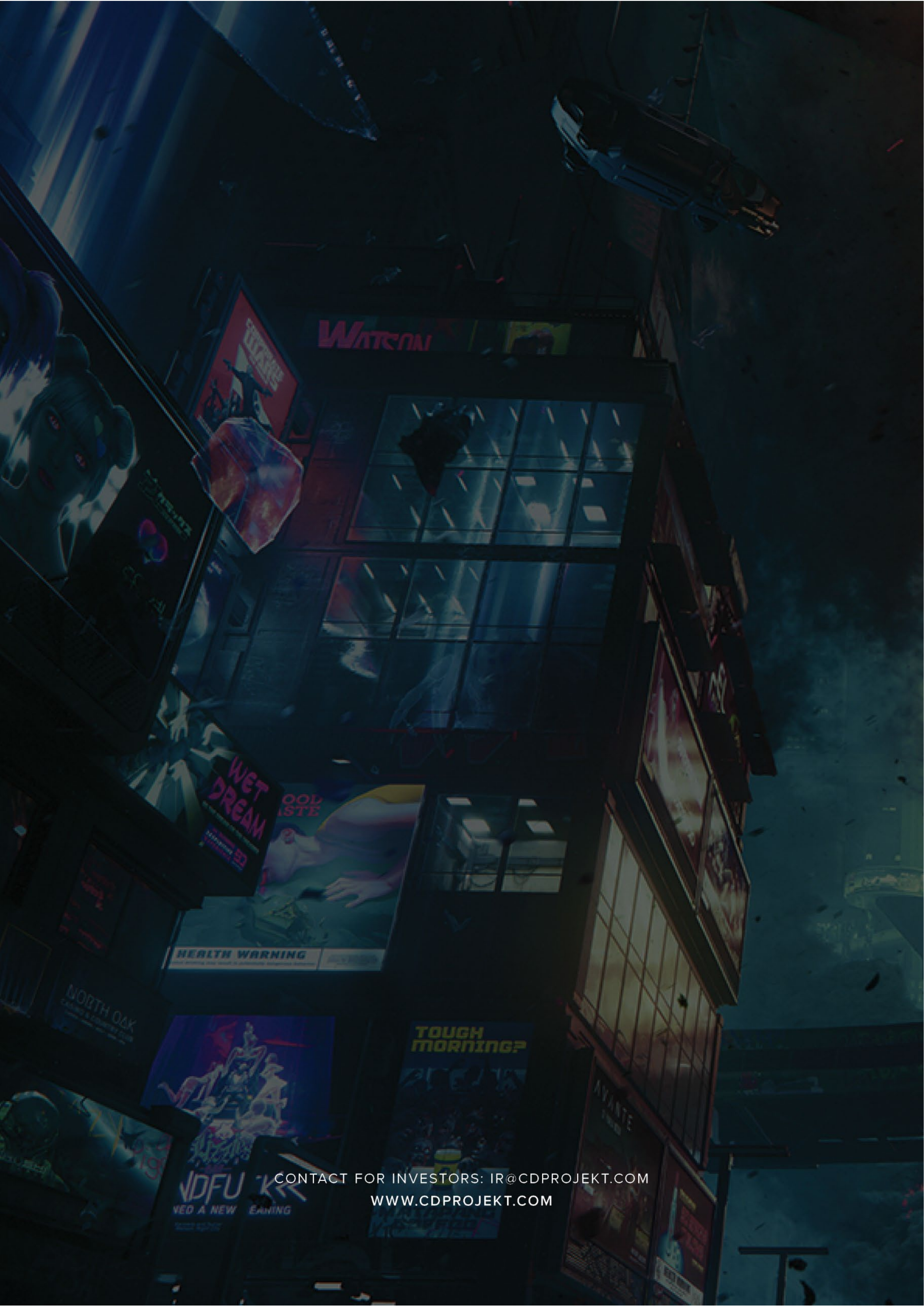
(all figures quoted in PLN thousands unless indicated otherwise)

Approval of financial statement

This separate financial statement of CD PROJEKT S.A. was signed and approved for publication by the Management Board of CD PROJEKT S.A. on 14 April 2021 and is duly submitted to the General Meeting of CD PROJEKT S.A. for approval.

Warsaw, 14 April 2022

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



CONTACT FOR INVESTORS: IR@CDPROJEKT.COM

WWW.CDPROJEKT.COM