



CD PROJEKT®

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENT OF THE CD PROJEKT  
GROUP FOR THE PERIOD BETWEEN  
1 JANUARY AND 31 MARCH 2022**

## Disclaimer

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

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

	PLN		EUR	
	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021
Revenues from sales of products, services, goods and materials	216 146	197 632	46 511	43 226
Cost of products, services, goods and materials sold	47 627	62 272	10 249	13 620
Operating profit (loss)	85 321	43 198	18 360	9 448
Profit (loss) before tax	91 893	37 051	19 774	8 104
Net profit (loss) attributable to equity holders of parent entity	68 918	32 487	14 830	7 105
Net cash flows from operating activities	142 122	1 068 300	30 582	233 656
Net cash flows from investment activities	195 861	(81 915)	42 146	(17 916)
Net cash flows from financial activities	(984)	1 442	(211)	315
Total net cash flows	336 999	987 827	72 517	216 055
Stock volume (thousands)	100 739	100 655	100 739	100 655
Net earnings per share (PLN/EUR)	0.68	0.32	0.15	0.07
Diluted net earnings per share (PLN/EUR)	0.68	0.32	0.15	0.07
Book value per share (PLN/EUR)	19.46	22.13	4.18	4.75
Diluted book value per share (PLN/EUR)	19.45	22.11	4.18	4.74
Declared or paid out dividend per share (PLN/EUR)	1.00	5.00	0.22	1.09

	PLN		EUR	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
Total assets	2 252 549	2 158 735	484 159	469 351
Liabilities and provisions for liabilities (less accrued charges)	263 599	226 407	56 657	49 225
Long-term liabilities	37 825	36 112	8 130	7 851
Short-term liabilities	254 795	228 267	54 765	49 630
Equity	1 959 929	1 894 356	421 264	411 870
Share capital	100 739	100 739	21 653	21 903

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

- Elements of the consolidated profit and loss account and consolidated statement of cash flows were converted into EUR by applying the arithmetic average of exchange rates for the final day of each month belonging to the reporting period, as published by the National Bank of Poland. The corresponding exchange rates were: 4.6472 PLN/EUR for the period between 1 January and 31 March 2022, and 4.5721 PLN/EUR for the period between 1 January and 31 March 2021 respectively,
- Assets and liabilities listed in the consolidated statement of financial position were converted into EUR by applying the exchange rate for the final day of the reporting period, as published by the National Bank of Poland. These exchange rates were: 4.6525 PLN/EUR on 31 March 2022 and 4.5994 PLN/EUR on 31 December 2021 respectively.

## Table of contents

Primary financial data of the CD PROJEKT Group .....	6
Condensed interim consolidated profit and loss account.....	7
Condensed interim consolidated statement of comprehensive income.....	9
Condensed interim consolidated statement of financial position.....	10
Condensed interim statement of changes in consolidated equity.....	13
Condensed interim consolidated statement of cash flows.....	16
Clarifications regarding the condensed interim consolidated financial statement .....	19
General information.....	20
Structure of the Group.....	20
Consolidation principles .....	21
Entities subject to consolidation .....	21
Subsidiaries .....	21
Basis for the preparation of the condensed interim consolidated financial statement.....	22
Assumption of going concern.....	22
Compliance with International Financial Reporting Standards.....	22
Changes in standards or interpretations in force and applied by the Group, which entered into force since	
1 January 2022 .....	22
Functional currency and presentation currency.....	23
Functional currency and presentation currency .....	23
Transactions and balances .....	23
Comparability of financial statements and changes in accounting policies.....	23
Changes in accounting policies .....	24
Presentation changes.....	24
Financial audit.....	24
Supplementary information – CD PROJEKT Group activity segments.....	25
Activity segments.....	26
Disclosure of activity segments.....	27
Segmented consolidated profit and loss account for the period between 01.01.2022 and 31.03.2022 .....	28
Segmented consolidated profit and loss account for the period between 01.01.2021 and 31.03.2021.....	29
Segmented consolidated statement of financial position as of 31.03.2022 .....	30
Segmented consolidated statement of financial position as of 31.12.2021 .....	32
Segmented consolidated statement of financial position as of 31.03.2021 .....	34
Activity segments.....	36
Disclosure of the issuer's significant accomplishments and shortcomings in each activity segment in the first	
quarter of 2022 .....	37
Disclosure of factors which may affect the Group's future results .....	38
Effect of the political and economic situation in Ukraine on sales in the reporting period .....	39
Disclosure of seasonal or cyclical activities.....	40
Disclosure of key clients.....	41
Supplementary information – additional notes and clarifications regarding the condensed interim consolidated	
financial statement.....	42
Note 1. Disclosure of circumstances affecting assets, liabilities, equity, net financial result and cash flows which	
are unusual due to their type, size or effect.....	43
Note 2. Property, plant and equipment.....	44
Note 3. Intangibles and expenditures on development projects.....	46
Note 4. Goodwill.....	46
Note 5. Investment properties .....	46
Note 6. Inventories.....	48
Note 7. Trade and other receivables .....	48
Note 8. Other financial assets.....	50
Note 9. Deferrals.....	51
Note 10. Deferred income tax .....	52
Note 11. Provisions for employee benefits and similar liabilities .....	54
Note 12. Other provisions.....	54
Note 13. Other liabilities.....	55
Note 14. Deferred revenues.....	55
Note 15. Disclosure of financial instruments.....	56
Note 16. Sales revenues .....	58
Note 17. Operating expenses.....	59
Note 18. Other operating revenues and expenses .....	60
Note 19. Financial revenues and expenses.....	61
Note 20. Short-term lease agreements and lease of low-value assets.....	61
Note 21. Issue, buyback and redemption of debt and capital securities.....	62
Note 22. Dividends declared or paid out and collected.....	62
Note 23. Transactions with affiliates.....	62

Note 24. Bad loans and credits, and breaches of loan and credit agreements not subject to remedial proceedings as of the balance sheet date.....	65
Note 25. Changes in conditional liabilities and assets since the close of the most recent financial year.....	66
Note 26. Changes in the structure of the Group and its member entities occurring during the reporting period.....	68
Note 27. Agreements which may, in the future, result in changes in the proportion of shares held by shareholders and bondholders.....	68
Note 28. Fiscal settlements.....	68
Note 29. Clarifications regarding the condensed interim consolidated cash flow statement.....	69
Note 30. Cash flows and other changes resulting from financial activities.....	71
Note 31. Events following the balance sheet date.....	72
Supplementary information.....	73
Legal proceedings.....	74
Shareholding structure.....	74
Parent Company shares held by members of the Management Board and Supervisory Board.....	75
Validation of published projections.....	75
Condensed interim separate financial statement of CD PROJEKT S.A.....	76
Condensed interim separate profit and loss account.....	77
Condensed interim separate statement of comprehensive income.....	78
Condensed interim separate statement of financial position.....	78
Condensed interim statement of changes in separate equity.....	80
Condensed interim separate statement of cash flows.....	83
Comparability of financial statements and changes in accounting policies.....	84
Changes in accounting policies.....	84
Presentation adjustments.....	85
Supplementary information concerning the separate financial statement of CD PROJEKT S.A.....	86
A. Deferred income tax.....	86
B. Other provisions.....	87
C. Goodwill.....	88
D. Business combinations.....	88
E. Dividends paid out (or declared) and collected.....	88
F. Trade and other receivables.....	88
G. Disclosure of financial instruments.....	90
H. Transactions with affiliates.....	92
Statement of the Management Board of the parent entity.....	94
Approval of financial statement.....	95



CD PROJEKT

## Primary financial data of the CD PROJEKT Group

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# 1

## Condensed interim consolidated profit and loss account

	Note	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021
<b>Sales revenues</b>		<b>216 146</b>	<b>197 632</b>
Revenues from sales of products	16	173 787	145 868
Revenues from sales of services	16	635	387
Revenues from sales of goods and materials	16	41 724	51 377
<b>Cost of products, services, goods and materials sold</b>		<b>47 627</b>	<b>62 272</b>
Cost of products and services sold	17	18 372	23 657
Cost of goods and materials sold	17	29 255	38 615
<b>Gross profit (loss) from sales</b>		<b>168 519</b>	<b>135 360</b>
Selling costs	17	60 606	62 077
General and administrative costs	17	20 017	30 112
Other operating revenues	18	2 590	1 789
Other operating expenses	18	5 163	1 756
(Impairment)/reversal of impairment of financial instruments		(2)	(6)
<b>Operating profit (loss)</b>		<b>85 321</b>	<b>43 198</b>
Financial revenues	19	16 791	10 062
Financial expenses	19	10 219	16 209
<b>Profit (loss) before tax</b>		<b>91 893</b>	<b>37 051</b>
Income tax	10	22 975	4 564
<b>Net profit (loss)</b>		<b>68 918</b>	<b>32 487</b>
Net profit (loss) attributable to equity holders of parent entity		68 918	32 487
<b>Net earnings per share (in PLN)</b>			
Basic for the reporting period		0.68	0.32
Diluted for the reporting period		0.68	0.32

The aggregate value of the Group's **Sales revenues** in the first quarter of 2022 was slightly higher than the record-breaking first quarter of the previous year. This was accompanied by notable structural changes: an increase was noted in the share of revenues from sale of own products (which generally carry higher profit margins compared to sales of goods obtained from external suppliers).

The main contribution to the CD PROJEKT Group's revenues in this period came from **Revenues from sales of products**; primarily the following:

- licensing royalties associated with distribution of Cyberpunk 2077, whose next-gen release targeting Xbox Series X|S and PlayStation 5 appeared in February 2022;
- licensing royalties associated with continuing sales of The Witcher 3: Wild Hunt, along with its expansions – Hearts of Stone and Blood and Wine;
- revenues generated by GWENT: The Witcher Card Game;
- licensing royalties associated with The Witcher 2: Assassins of Kings, The Witcher and Thronebreaker: The Witcher Tales, along with CD PROJEKT RED's franchises.

An important contribution came from **Revenues from sales of goods and materials**; mainly the following:

- revenues from digital distribution of videogames licensed from external suppliers to final customers, carried out on the GOG.COM platform;
- CD PROJEKT S.A. revenues from sales of physical components of box editions of the Studio's own games to distributors (carrier media, packaging, etc.);
- revenues from sales of tie-in products and merchandise related to CD PROJEKT RED's games and brands, carried out by the CD PROJEKT RED GEAR online storefront (<https://gear.cdprojektred.com>).

The reported decrease in this category of revenues is mainly due to lower sales in the GOG.COM segment compared to the reference period, i.e. the first quarter following the release of Cyberpunk 2077.

The **Cost of products and services sold** encompasses mainly depreciation of development expenses related to CD PROJEKT RED's games. The reported decrease compared to the reference period is mainly due to full depreciation of past GWENT development expenses.

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

For projects whose development costs were subject to depreciation in the first quarter of 2022 the following rules apply:

- 40% of Cyberpunk 2077 development expenditures was recognized as costs in 2020, in the release quarter, while the remaining 60% will be depreciated throughout a five-year economic use period, at 3% per quarter;
- Development expenditures related to the next-gen update of Cyberpunk 2077 for Xbox Series XIS and PlayStation 5 are depreciated using the straight-line method between the release date and the end of depreciation of development expenditures related to the base game;
- Development expenditures related to Thronebreaker: The Witcher Tales (released in October 2018), along with its releases for other platforms, will be depreciated until the end of September 2022 based on the expected breakdown of future revenues, projected on the basis of sales data for past projects;
- Development expenditures related to The Witcher 3: Wild Hunt for Nintendo Switch (released in October 2019) are depreciated over a three-year period following the end of development and the game's release, based on the expected breakdown of future revenues, projected on the basis of sales data for past projects.

The **Cost of goods and materials sold** corresponds mainly to the cost of goods distributed via the GOG.COM platform, own cost of sales carried out on GOG.COM, cost of physical components of games sold, and – to a lesser degree – costs related to sales of goods to final customers carried out by the CD PROJEKT RED GEAR merch store.

In the first quarter of 2022 the main contribution to **Selling costs** came from publishing, marketing and promotional activities related to the Group's own products, carried out in the CD PROJEKT RED segment, including remuneration (both fixed and dependent on the Group's earnings) of internal publishing teams, earnings-dependent remuneration of board members at the Group's member companies, and expenses related to bought-in sales support services. Promotional expenses increased in comparison with the reference period due to the release of Cyberpunk 2077 for next-gen consoles – Xbox Series XIS and PlayStation 5.

Another major contribution to selling costs came from maintenance of support of past releases. In the reporting period this concerned mainly support for Cyberpunk 2077, along with maintenance and further development of GWENT: The Witcher Card Game. Maintenance costs decreased significantly compared to the first quarter of 2021, mainly due to lower expenditures on Cyberpunk 2077 patches and updates.

Furthermore, this category aggregates selling costs generated by marketing activities related to the GOG.COM platform (in the GOG.COM segment), and work on further development and support for sales carried out on this platform.

**General and administrative expenses** at the CD PROJEKT Group comprise mainly:

- a) fixed and result-dependent remuneration of administrative teams and external support costs which qualify for this category – these continue to increase in step with the Group's overall expansion;
- b) costs related to future videogame projects during their early (exploratory) phase, before actual development begins (at which point further costs are capitalized as Expenditures on development projects in the Fixed assets category);
- c) fixed remuneration of board members at the Group's member companies;
- d) estimation of entitlements assigned under the 2020-2025 incentive program – due to a negative outlook regarding the Company's ability to meet its stated earnings goals throughout the full duration of the program, as declared by the Management Board at the end of 2021, this estimation was lower than during the reference period.

Regarding **Other operating revenues and expenses**, during the reporting period CD PROJEKT obtained revenues from subleasing of office space at Jagiellońska 74 and 76 in Warsaw (along with the offsetting maintenance costs). Several one-time cost items were also reported: this includes disposal of inventories (2 301 thousand PLN) and donations (1 097 thousand PLN, including mainly support for the Polish Humanitarian Action in light of the events in Ukraine).

For the period between 1 January and 31 March 2022 the Group reported a surplus of **Financial revenues** over **Financial expenses**, mainly due to increased revenues from interest due to the global increase in interest rates.

The **Income tax** reported in the P&L statement for Q1 2022, along with the effective tax rate, increased substantially compared to Q1 2021. This was caused by aggregation with this line item of certain taxes levied in other jurisdictions on licensing royalties remitted to the Group (withholding tax).

Following collection of documents confirming the amount of withholding tax, and confirmation that it has been paid, the Group recognized a write-down on the amount of its income tax to which the IP Box preference applies, and aggregates the surplus with its profit and loss account.

The Group's consolidated **Net profit** for the first quarter of 2022 was 68 918 thousand PLN – 112.1% higher than in the reference period in 2021.

## Condensed interim consolidated statement of comprehensive income

	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021
<b>Net profit/(loss)</b>	<b>68 918</b>	<b>32 487</b>
<b>Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria</b>	<b>(4 493)</b>	<b>282</b>
Exchange rate differences from valuation of foreign entities	437	98
Estimation of financial instruments at fair value through other comprehensive income, adjusted for tax effects	(4 930)	184
<b>Other comprehensive income which will not be entered as profit (loss)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>64 425</b>	<b>32 769</b>
Total comprehensive income attributable to minority interests	-	-
<b>Total comprehensive income attributable to equity holders of CD PROJEKT S.A.</b>	<b>64 425</b>	<b>32 769</b>

## Condensed interim consolidated statement of financial position

	Note	31.03.2022	31.12.2021*	31.03.2021*
<b>FIXED ASSETS</b>		<b>940 816</b>	<b>905 846</b>	<b>904 556</b>
Property, plant and equipment	2	124 261	119 588	113 088
Intangibles	3	68 222	58 393	59 126
Expenditures on development projects	3	367 005	350 195	388 833
Investment properties	5	44 318	44 634	45 248
Goodwill	3,4	56 438	56 438	56 438
Shares in subsidiaries excluded from consolidation		39 240	38 520	8 234
Deferrals	9	14 319	11 434	11 860
Other financial assets	8,15	176 456	178 540	150 554
Deferred income tax assets	10	50 179	47 418	70 836
Other receivables	7,15	378	686	339
<b>WORKING ASSETS</b>		<b>1 311 733</b>	<b>1 252 889</b>	<b>1 982 501</b>
Inventories	6	14 970	15 886	15 902
Trade receivables	7,15	68 422	125 293	52 175
Current income tax receivables		401	98	-
Other receivables	7	113 206	113 498	132 272
Deferrals	9	18 931	13 763	10 827
Other financial assets	8,15	261 828	307 765	220 090
Bank deposits (maturity beyond 3 months)	15	85 390	265 000	73
Cash and cash equivalents	15	748 585	411 586	1 551 162
<b>TOTAL ASSETS</b>		<b>2 252 549</b>	<b>2 158 735</b>	<b>2 887 057</b>

\* adjusted

The main contribution to the Group's fixed assets as of the end of Q1 2022, as well as the main contribution to the reported increase, was from **Expenditures on development projects**, which correspond to development of new games and technologies, subject to progressive depreciation. The reported increase over the reference period is due to a surplus of development expenses related to CD PROJEKT RED's future releases over the depreciation of development expenses related to finished products.

The Group also reported an increase in the value of **Intangibles** due to its investments in new game development technologies in the CD PROJEKT RED segment, as well as an increase in the balance of **Property, plant and equipment** due to ongoing expenditures on construction work at the CD PROJEKT campus in Warsaw (PP&E under construction), along with an extension of the lease contract concerning one of its branch offices.

At the end of the reporting period, the increased value of short- and long-term **Deferrals** was mostly due to conclusion of new distribution contracts in the GOG.COM segment and recognition of the corresponding minimum guarantees, i.e. prepayments and advances payable by GOG.COM to its suppliers in association with licensing royalties for games distributed on the GOG.COM platform.

The Group's **Other receivables** at the end of March 2022 concerned mainly tax receivables and advance payments remitted by CD PROJEKT RED in relation to development projects along with procurement of goods and services.

The reported increase in the balance of **Working assets** at the Group's member companies is mainly due to an increase in **Cash and cash equivalents** resulting in large part from a reduction in **Trade receivables** (collection of licensing royalties in the CD PROJEKT RED segment), **Bank deposits (maturity beyond 3 months)** and **Other financial assets** which comprise mainly T- bonds purchased by CD PROJEKT S.A. in the framework of diversifying its credit risk related to monetary assets.

As of 31 March 2022, the aggregate value of **Cash and cash equivalents**, **Bank deposits (maturity beyond 3 months)** and other liquid financial assets, i.e. treasury bonds (recognized as short- and long-term **Other financial assets**) was 1 261 582 thousand PLN, i.e. 107 581 thousand PLN more than at the end of 2021 (9.3% increase).

	Note	31.03.2022	31.12.2021	31.03.2021
<b>EQUITY</b>		<b>1 959 929</b>	<b>1 894 356</b>	<b>2 227 530</b>
<b>Parent entity shareholders' equity</b>		<b>1 959 929</b>	<b>1 894 356</b>	<b>2 227 530</b>
Share capital	21	100 739	100 739	100 739
Supplementary capital		1 425 647	1 425 647	775 720
Supplementary capital from sale of shares above nominal value		115 909	115 909	115 909
Other reserve capital		44 212	47 994	54 297
Exchange rate differences		2 028	1 591	1 189
Retained earnings		202 476	(6 432)	1 147 189
Net profit (loss) for the reporting period		68 918	208 908	32 487
<b>Minority interest equity</b>		-	-	-
<b>LONG-TERM LIABILITIES</b>		<b>37 825</b>	<b>36 112</b>	<b>19 893</b>
Other financial liabilities	15	23 309	21 080	15 422
Other liabilities	13	2 800	2 860	3 113
Deferred revenues	14	5 968	6 424	960
Provisions for employee benefits and similar liabilities	11	380	380	398
Other provisions	12	5 368	5 368	-
<b>SHORT-TERM LIABILITIES</b>		<b>254 795</b>	<b>228 267</b>	<b>639 634</b>
Other financial liabilities	15	33 327	25 802	7 988
Trade liabilities	15	71 272	53 380	133 560
Current income tax liabilities		31 589	24 446	67 750
Other liabilities	13	9 132	10 042	8 486
Deferred revenues	14	23 053	31 548	41 477
Provisions for employee benefits and similar liabilities	11	7	7	4
Other provisions	12	86 415	83 042	380 369
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 252 549</b>	<b>2 158 735</b>	<b>2 887 057</b>

At the end of the first quarter of 2022 the CD PROJEKT Group's **Equity** amounted to 1 959 929 thousand PLN, having increased by 65 573 thousand PLN compared to the 2021 yearend figure, mainly due to **Net profit for the reporting period**.

The reported increase in **Long-term liabilities** was primarily due to recognition (as **Other financial liabilities**) of lease liabilities resulting from extension of the lease contract concerning one of the Group's branch offices.

The Group's consolidated **Other financial liabilities** increased in the first quarter of 2022, mostly due to updated estimation of exchange rate hedges related to:

- ownership of foreign treasury bonds denominated in foreign currencies (in the CD PROJEKT RED segment),
- current liabilities in the GOG.COM segment.

The reported increase in the Group's **Trade liabilities** is associated with activities carried out in the CD PROJEKT RED segment. In addition, this line item also aggregates licensing royalties payable in the GOG.COM segment in relation to sales carried out in the first quarter of 2022.

**Other liabilities** for the reporting period comprise mainly tax liabilities (VAT, PIT, withholding tax) and social security payments.

The balance of **Deferred revenues** at the end of March 2022 comprise mainly the following:

- CD PROJEKT RED – future period sales, i.e. minimum guarantees – licensing royalties remitted or receivable by the Company from its publishers and distribution partners in relation to future period sales;
- CD PROJEKT RED and GOG.COM – deferrals related to subsidies;
- GOG.COM – deferrals related to settlements with the Company's clients (including store credit and Wallet contributions);
- GOG.COM – future period sales – preorders of games scheduled for release in future reporting periods.

The reported reduction during Q1 2022 was mainly due to settlement of minimum guarantees related to Cyberpunk 2077 (in the CD PROJEKT RED segment).



Changes in **Other provisions** held by the CD PROJEKT Group in the first quarter of 2022 concerned mainly CD PROJEKT RED and involved the following:

- creation of provisions for remuneration dependent on current-period earnings, which increased the balance of Other provisions;
- surplus of consumed provisions for other costs over newly created provisions, which reduced the balance of Other provisions.

## Condensed interim statement of changes in consolidated equity

	Share capital	Supplementary capital	Supplementary capital from sale of shares above nominal value	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Parent entity shareholders' equity	Total equity
<b>01.01.2022 – 31.03.2022</b>									
<b>Equity as of 01.01.2022</b>	<b>100 739</b>	<b>1 425 647</b>	<b>115 909</b>	<b>47 994</b>	<b>1 591</b>	<b>202 476</b>	<b>-</b>	<b>1 894 356</b>	<b>1 894 356</b>
Cost of incentive program	-	-	-	1 148	-	-	-	1 148	1 148
Total comprehensive income	-	-	-	(4 930)	437	-	68 918	64 425	64 425
<b>Equity as of 31.03.2022</b>	<b>100 739</b>	<b>1 425 647</b>	<b>115 909</b>	<b>44 212</b>	<b>2 028</b>	<b>202 476</b>	<b>68 918</b>	<b>1 959 929</b>	<b>1 959 929</b>

	Share capital	Supplementary capital	Supplementary capital from sale of shares above nominal value	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Parent entity shareholders' equity	Total equity
<b>01.01.2021 – 31.12.2021</b>									
<b>Equity as of 01.01.2021</b>	<b>100 655</b>	<b>774 851</b>	<b>113 844</b>	<b>45 547</b>	<b>1 091</b>	<b>1 151 368</b>	-	<b>2 187 356</b>	<b>2 187 356</b>
Rectification of errors	-	-	-	-	-	(4 179)	-	(4 179)	(4 179)
<b>Adjusted equity</b>	<b>100 655</b>	<b>774 851</b>	<b>113 844</b>	<b>45 547</b>	<b>1 091</b>	<b>1 147 189</b>	-	<b>2 183 177</b>	<b>2 183 177</b>
Cost of incentive program	-	-	-	(1 026)	-	-	-	(1 026)	(1 026)
Payment in own shares	84	869	2 065	(869)	-	-	-	2 149	2 149
Dividend payment	-	-	-	-	-	(503 694)	-	(503 694)	(503 694)
Allocation of net profit/ coverage of losses	-	649 927	-	-	-	(649 927)	-	-	-
Total comprehensive income	-	-	-	4 342	500	-	208 908	213 750	213 750
<b>Equity as of 31.12.2021</b>	<b>100 739</b>	<b>1 425 647</b>	<b>115 909</b>	<b>47 994</b>	<b>1 591</b>	<b>(6 432)</b>	<b>208 908</b>	<b>1 894 356</b>	<b>1 894 356</b>

The Group rectified its calculation of deferred tax assets on 31 December 2020 by reclassifying some negative temporary differences from the 19% tax rate category to the 5% tax rate category. As a result, the Group's Equity decreased by 4 179 thousand PLN.

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

The Group rectified its calculation of deferred tax assets on 31 December 2020 by reclassifying some negative temporary differences from the 19% tax rate category to the 5% tax rate category. As a result, the Group's Equity decreased by 4 179 thousand PLN.

## Condensed interim consolidated statement of cash flows

	Note	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021*
<b>OPERATING ACTIVITIES</b>			
<b>Net profit (loss)</b>		<b>68 918</b>	<b>32 487</b>
<b>Total adjustments:</b>	<b>29</b>	<b>53 442</b>	<b>1 029 681</b>
Depreciation of PP&E, intangibles, expenditures on development projects and investment properties		3 894	4 490
Depreciation of expenditures on development projects recognized as cost of products and services sold		18 020	23 319
Profit (loss) from exchange rate differences		(1 359)	(8 975)
Interest and profit sharing		(7 427)	32
Profit (loss) from investment activities		(434)	12 215
Change in provisions		(4 176)	(81 400)
Change in inventories		916	(8 945)
Change in receivables		43 740	1 091 367
Change in liabilities excluding credits and loans		15 515	(7 824)
Change in other assets and liabilities		(17 064)	(3 968)
Other adjustments		1 817	9 370
<b>Cash flows from operating activities</b>		<b>122 360</b>	<b>1 062 168</b>
Income tax on pre-tax profit (loss)		7 302	4 561
Withholding tax paid abroad		15 673	3
Income tax (paid)/reimbursed		(3 213)	1 568
<b>Net cash flows from operating activities</b>		<b>142 122</b>	<b>1 068 300</b>
<b>INVESTMENT ACTIVITIES</b>			
<b>Inflows</b>		<b>325 840</b>	<b>197 525</b>
Sales of PP&E and intangibles		7	-
Closing bank deposits (maturity beyond 3 months)		265 000	164 368
Maturation of bonds		58 132	33 097
Interest from bonds		291	-
Interest from bank deposits		2 364	40
Other inflows from investment activities		46	20
<b>Outflows</b>		<b>129 979</b>	<b>279 440</b>
Purchases of intangibles and PP&E		15 212	7 218
Expenditures on development projects		27 697	29 126
Purchase of investment properties and activation of costs		89	41
Loans granted		1 500	1 540
Purchase of bonds and the associated purchase fees		91	241 442
Opening bank deposits (maturity beyond 3 months)		85 390	73
<b>Net cash flows from investment activities</b>		<b>195 861</b>	<b>(81 915)</b>

\* adjusted

	Note	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021*
<b>FINANCIAL ACTIVITIES</b>			
<b>Inflows</b>		<b>10</b>	<b>2 159</b>
Net inflows from sale and issue of shares in the exercise of rights assigned under the incentive program		-	2 149
Collection of receivables arising from financial lease agreements		10	10
<b>Outflows</b>		<b>994</b>	<b>717</b>
Payment of liabilities arising from lease agreements		863	673
Interest payments		131	44
<b>Net cash flows from financial activities</b>		<b>(984)</b>	<b>1 442</b>
<b>Total net cash flows</b>		<b>336 999</b>	<b>987 827</b>
<b>Balance of changes in cash and cash equivalents</b>		<b>336 999</b>	<b>987 827</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>411 586</b>	<b>563 335</b>
<b>Cash and cash equivalents at end of period</b>		<b>748 585</b>	<b>1 551 162</b>

\* adjusted

In the first quarter of 2022 the CD PROJEKT Group reported 142 122 thousand PLN in positive **Net cash flows from operating activities**, which is 926 178 thousand PLN less than in the reference period. It should, however, be noted that the reference period was unusual in that it coincided with collection of record-breaking receivables payable to CD PROJEKT S.A. in the aftermath of the release of Cyberpunk 2077.

The consolidated base net earnings were subject to the following adjustments:

- a) Non-cash items (aggregate increase):
  - **Depreciation,**
  - **Depreciation of development projects recognized as cost of products and services sold**, mainly depreciation of development costs related to Cyberpunk 2077, together with its next-gen release for Xbox Series X|S and PlayStation 5, Thronebreaker: The Witcher Tales and The Witcher 3: Wild Hunt - Complete Edition for Nintendo Switch,
  - **Profit (loss) from exchange rate differences** – reduction resulting from deduction of exchange rate differences recognized in the P&L account from estimation of foreign treasury bonds held by the CD PROJEKT RED segment,
  - **Change in provisions** – reduction caused by surplus of newly created provisions for remuneration dependent on earnings, aggregated with expenditures on development projects, over the change in the balance of provisions for other liabilities,
  - **Other adjustments** – increase caused mainly by elimination of settlements related to the incentive program.
- b) Items related to changes in working assets and short-term liabilities (aggregate increase):
  - **Change in inventories** – increased balance of cash flows resulting from reduction in inventories,
  - **Change in receivables** – increased balance of cash flows resulting primarily from a reduction in the balance of receivables at the end of Q1 2022 as a result of collection of licensing royalties previously reported in Q4 2021, along with settlement of withholding tax paid abroad by CD PROJEKT RED clients,
  - **Change in liabilities excluding credits and loans** – increased balance of cash flows resulting from an increase in the balance of the Group's liabilities,
  - **Change in other assets and liabilities** – reduction in the balance of cash flows mainly due to settlement of minimum guarantees previously collected in the CD PROJEKT RED segment, along with recognition of new minimum guarantees contractually agreed upon with suppliers in the GOG.COM segment.
- c) Two line items recognized elsewhere in the cash flow statement: **Interest and profit sharing**, which caused a reduction in cash flows from operating activities, and **Profit (loss) from investment activities** – reduction resulting from transactions involving bonds and derivative financial instruments.
- d) Difference between the value of income tax reported in the profit and loss account and income tax actually paid in the first quarter of 2022, including withholding tax settlements.

The main contribution to **Net cash flows from investment activities** in the first quarter of 2022 came from inflows resulting from a decrease in the balance of bank deposits with maturity periods longer than 3 months, along with sale of some treasury bonds held by the CD PROJEKT RED segment, which outweighed investments in new assets (Expenditures on development projects and Purchases of intangibles and PP&E).



The CD PROJEKT Group did not generate appreciable **Net cash flows from financial activities** in the first quarter of 2022.

The aggregate balance of **Net cash flows** for the first quarter of 2022 was 336 999 thousand PLN.



CD PROJEKT

## **Clarifications regarding the condensed interim consolidated financial statement**

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# **2**

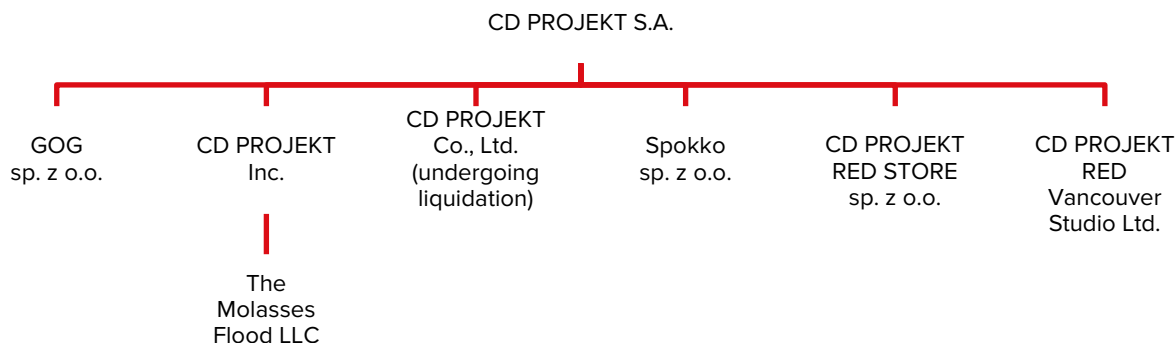


## General information

Name of reporting entity:	CD PROJEKT S.A. (no changes in the name of the reporting entity occurred since the close of the previous reporting period)
Legal status:	Joint-stock company
Headquarters:	Jagiellońska 74, 03-301 Warsaw
Country of registration:	Poland
Principal scope of activity:	CD PROJEKT S.A. is the holding company of the CD PROJEKT Group which conducts its operations in two activity segments: CD PROJEKT RED and GOG.COM
Principal place of business:	Warsaw
Keeper of records:	District Court for the City of Warsaw in Warsaw – Poland; 14th Commercial Department of the National Court Register (Sąd Rejonowy dla m.st. Warszawy w Warszawie, XIV Wydział Gospodarczy Krajowego Rejestru Sądowego)
Statistical identification number (REGON):	492707333
Tax identification number (NIP):	7342867148
Waste disposal database (BDO) number:	000141053
Duration of the Group:	Indefinite
Name of parent entity:	CD PROJEKT S.A.
Name of ultimate parent entity of the Group	CD PROJEKT S.A.

## Structure of the Group

### Affiliates





## Consolidation principles

### Entities subject to consolidation

	capital share	voting share	consolidation method
<b>CD PROJEKT S.A.</b>	parent company	-	-
<b>GOG sp. z o.o.</b>	100%	100%	full
<b>CD PROJEKT Inc.</b>	100%	100%	full
<b>CD PROJEKT Co., Ltd. (undergoing liquidation)</b>	100%	100%	excluded from consolidation
<b>Spokko sp. z o.o.</b>	74%	74%	excluded from consolidation
<b>CD PROJEKT RED STORE sp. z o.o.</b>	100%	100%	full
<b>CD PROJEKT RED Vancouver Studio Ltd.</b>	100%	100%	excluded from consolidation
<b>The Molasses Flood LLC</b>	60%	60%	excluded from consolidation

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

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

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

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

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

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

### Subsidiaries

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

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

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

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



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## Basis for the preparation of the condensed interim consolidated financial statement

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

The condensed interim consolidated financial statement does not contain all the information and disclosures which would otherwise be required in an annual financial statement. Accordingly, this statement should be read in conjunction with the Consolidated Financial Statement of the CD PROJEKT Group for the year ending 31 December 2021, approved for publication on 14 April 2022.

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## Assumption of going concern

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

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

As of the day of preparation of this consolidated financial statement covering the period between 1 January and 31 March 2022 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.

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## Compliance with International Financial Reporting Standards

This condensed interim consolidated financial statement conforms to International Accounting Standard (IAS) 34, *Interim Financial Reporting*, as well as to International Financial Reporting Standards (IFRS) applicable to interim financial reporting, endorsed by the International Accounting Standard Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), valid for 31 March 2022.

The Group intends to apply amendments to IFRS which have been published but have not yet entered into force on the publication date of this condensed interim consolidated financial statement, depending on their date of entry into force. Information regarding standards and interpretations applied for the first time, early application of new standards, standards which have entered into force on or after 1 January 2022 and the effect of changes in IFRS upon the Group's future financial statements is provided in Section 2 of the Group's Consolidated Financial Statement for 2021.

### Changes in standards or interpretations in force and applied by the Group, which entered into force since 1 January 2022

- 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.

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

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

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



- **MSSF 17 Insurance contracts** – approved on 23 November 2021 and applicable to reporting periods beginning on or after 1 January 2023,
- 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,

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

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

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

- Amendments to **IAS 1 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,
- **MSSF 17 Insurance contracts** – initial application of *IFRS 17* and *IFRS 9* - applicable to reporting periods beginning on or after 1 January 2023,

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

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## 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 Group carries out its activities (functional currency). The functional currency and the presentation currency of the Group and its parent Company is the Polish Zloty (PLN). All presented data are reported in thousand 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, unless deferred in Equity capital when they constitute cash flow hedges or hedges of shares in net assets.

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## Comparability of financial statements and changes in accounting policies

The accounting practices applied in preparing this condensed interim consolidated financial statement, the Management Board's professional judgment concerning the Group's accounting practices as well as the main sources of uncertainty in estimations are in all material aspects consistent with the practices applied in preparing the Consolidated Financial Statement of the CD PROJEKT Group for 2021, except for changes in accounting policies and presentation-related adjustments described below. This condensed interim consolidated financial statement should be read in conjunction with the consolidated financial statement for the period ending 31 December 2021.



## Changes in accounting policies

The accounting practices applied in preparing this condensed interim consolidated financial statement, the Management Board's professional judgment concerning the Group's accounting practices as well as the main sources of uncertainty in estimations are in all material aspects consistent with the practices applied in preparing the Consolidated Financial Statement of the CD PROJEKT Group for 2021, except for changes in accounting policies, changes related to companies which are subject to consolidation, and presentation-related adjustments described below.

## Presentation changes

This condensed interim consolidated financial statement for the period between 1 January and 31 March 2022 includes changes in the presentation of certain financial data. In order to ensure comparability of financial data, adjustments were also introduced with respect to reference data for 31 March 2021 and 31 December 2021. The following adjustments were made:

- In the statement of cash flows for the period between 1 January and 31 March 2021, the presentation of interest from bank deposits was adjusted as follows:
  - Other inflows from investment activities – adjusted by (40) thousand PLN
  - Interest from bank deposits – adjusted by 40 thousand PLN
- In the statement of financial position for 31 December 2021 and 31 March 2021 the presentation of some of the land holdings belonging to the Group was adjusted as follows:
  - Property, plant and equipment – adjusted by 4 354 thousand PLN
  - Investment properties – adjusted by (4 354) thousand PLN

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

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## Financial audit

This condensed interim consolidated financial statement with selected elements of the condensed interim separate financial statement has not been subjected to a formal audit or review by an independent licensed auditor.



CD PROJEKT

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

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# **3**

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## Activity segments

### Presentation of results by activity segment

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

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

No changes in the differentiation of activity segments, or in the assessment of per-segment profit or loss, occurred in this statement as compared to the Group's financial statement for the year ending on 31 December 2021.

There are no differences in the scope of assessment of assets, liabilities, profits and losses within each activity segment of the Group.

## Disclosure of activity segments

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.COM		
01.01.2022 – 31.03.2022				
Sales revenues	179 349	40 387	(3 590)	216 146
sales to external clients	175 827	40 319	-	216 146
sales between segments	3 522	68	(3 590)	-
Segment net profit (loss)	68 849	152	(83)	68 918

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

## Segmented consolidated profit and loss account for the period between 01.01.2022 and 31.03.2022

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
<b>Sales revenues</b>	<b>179 349</b>	<b>40 387</b>	<b>(3 590)</b>	<b>216 146</b>
Revenues from sales of products	172 416	-	1 371	173 787
Revenues from sales of services	1 017	68	(450)	635
Revenues from sales of goods and materials	5 916	40 319	(4 511)	41 724
<b>Cost of products, services, goods and materials sold</b>	<b>22 063</b>	<b>28 768</b>	<b>(3 204)</b>	<b>47 627</b>
Cost of products and services sold	18 416	21	(65)	18 372
Cost of goods and materials sold	3 647	28 747	(3 139)	29 255
<b>Gross profit (loss) from sales</b>	<b>157 286</b>	<b>11 619</b>	<b>(386)</b>	<b>168 519</b>
Selling costs	50 429	10 308	(131)	60 606
General and administrative costs	18 527	1 538	(48)	20 017
Other operating revenues	2 694	1 030	(1 134)	2 590
Other operating expenses	5 603	794	(1 234)	5 163
(Impairment)/reversal of impairment of financial instruments	(2)	-	-	(2)
<b>Operating profit (loss)</b>	<b>85 419</b>	<b>9</b>	<b>(107)</b>	<b>85 321</b>
Financial revenues	14 597	2 194	-	16 791
Financial expenses	8 203	2 042	(26)	10 219
<b>Profit (loss) before taxation</b>	<b>91 813</b>	<b>161</b>	<b>(81)</b>	<b>91 893</b>
Income tax	22 964	9	2	22 975
<b>Net profit (loss)</b>	<b>68 849</b>	<b>152</b>	<b>(83)</b>	<b>68 918</b>
<b>Net profit (loss) attributable to equity holders of parent entity</b>	<b>68 849</b>	<b>152</b>	<b>(83)</b>	<b>68 918</b>

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

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

## Segmented consolidated statement of financial position as of 31.03.2022

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
<b>FIXED ASSETS</b>	<b>939 507</b>	<b>19 752</b>	<b>(18 443)</b>	<b>940 816</b>
Property, plant and equipment	110 102	5 235	8 924	124 261
Intangibles	68 212	10	-	68 222
Expenditures on development projects	364 998	2 020	(13)	367 005
Investment properties	56 630	-	(12 312)	44 318
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	15 036	-	(15 036)	-
Shares in subsidiaries excluded from consolidation	39 240	-	-	39 240
Deferrals	5 346	8 973	-	14 319
Other financial assets	176 456	-	-	176 456
Deferred income tax assets	46 671	3 514	(6)	50 179
Other receivables	378	-	-	378
<b>WORKING ASSETS</b>	<b>1 241 251</b>	<b>74 236</b>	<b>(3 754)</b>	<b>1 311 733</b>
Inventories	14 970	-	-	14 970
Trade receivables	68 869	3 307	(3 754)	68 422
Current income tax receivables	101	300	-	401
Other receivables	111 556	1 650	-	113 206
Deferrals	5 436	13 495	-	18 931
Other financial assets	261 591	237	-	261 828
Bank deposits (maturity beyond 3 months)	85 390	-	-	85 390
Cash and cash equivalents	693 338	55 247	-	748 585
<b>TOTAL ASSETS</b>	<b>2 180 758</b>	<b>93 988</b>	<b>(22 197)</b>	<b>2 252 549</b>

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
<b>EQUITY</b>	<b>1 941 440</b>	<b>33 563</b>	<b>(15 074)</b>	<b>1 959 929</b>
<b>Equity attributable to shareholders of the parent entity</b>	<b>1 941 440</b>	<b>33 563</b>	<b>(15 074)</b>	<b>1 959 929</b>
Share capital	100 739	136	(136)	100 739
Supplementary capital	1 368 366	62 796	(5 515)	1 425 647
Supplementary capital from sale of shares above nominal value	115 909	-	-	115 909
Other reserve capital	45 225	335	(1 348)	44 212
Exchange rate differences	1 079	(65)	1 014	2 028
Retained earnings	241 273	(29 791)	(9 006)	202 476
Net profit (loss) for the reporting period	68 849	152	(83)	68 918
<b>Noncontrolling interest equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LONG-TERM LIABILITIES</b>	<b>37 797</b>	<b>2 626</b>	<b>(2 598)</b>	<b>37 825</b>
Other financial liabilities	23 309	2 598	(2 598)	23 309
Other liabilities	2 800	-	-	2 800
Deferred revenues	5 952	16	-	5 968
Provisions for employee benefits and similar liabilities	368	12	-	380
Other provisions	5 368	-	-	5 368
<b>SHORT-TERM LIABILITIES</b>	<b>201 521</b>	<b>57 799</b>	<b>(4 525)</b>	<b>254 795</b>
Other financial liabilities	33 327	771	(771)	33 327
Trade liabilities	33 650	40 575	(2 953)	71 272
Current income tax liabilities	31 589	-	-	31 589
Other liabilities	4 912	4 220	-	9 132
Deferred revenues	17 536	5 517	-	23 053
Provisions for retirement benefits and similar liabilities	6	1	-	7
Other provisions	80 501	6 715	(801)	86 415
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 180 758</b>	<b>93 988</b>	<b>(22 197)</b>	<b>2 252 549</b>

## Segmented consolidated statement of financial position as of 31.12.2021\*

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
<b>FIXED ASSETS</b>	<b>906 304</b>	<b>17 860</b>	<b>(18 318)</b>	<b>905 846</b>
Property, plant and equipment	105 236	5 316	9 036	119 588
Intangibles	58 382	11	-	58 393
Expenditures on development projects	347 802	2 318	75	350 195
Investment properties	57 082	-	(12 448)	44 634
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	14 978	-	(14 978)	-
Shares in subsidiaries excluded from consolidation	38 520	-	-	38 520
Deferrals	4 741	6 693	-	11 434
Other financial assets	178 540	-	-	178 540
Deferred income tax assets	43 899	3 522	(3)	47 418
Other receivables	686	-	-	686
<b>WORKING ASSETS</b>	<b>1 177 941</b>	<b>78 794</b>	<b>(3 846)</b>	<b>1 252 889</b>
Inventories	15 886	-	-	15 886
Trade receivables	123 605	3 875	(2 187)	125 293
Current income tax receivables	98	-	-	98
Other receivables	113 724	1 433	(1 659)	113 498
Deferrals	4 154	9 609	-	13 763
Other financial assets	307 765	-	-	307 765
Bank deposits (maturity beyond 3 months)	265 000	-	-	265 000
Cash and cash equivalents	347 709	63 877	-	411 586
<b>TOTAL ASSETS</b>	<b>2 084 245</b>	<b>96 654</b>	<b>(22 164)</b>	<b>2 158 735</b>

\* adjusted

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
<b>EQUITY</b>	<b>1 875 936</b>	<b>33 352</b>	<b>(14 932)</b>	<b>1 894 356</b>
<b>Equity attributable to shareholders of the parent entity</b>	<b>1 875 936</b>	<b>33 352</b>	<b>(14 932)</b>	<b>1 894 356</b>
Share capital	100 739	136	(136)	100 739
Supplementary capital	1 368 366	62 796	(5 515)	1 425 647
Supplementary capital from sale of shares above nominal value	115 909	-	-	115 909
Other reserve capital	49 007	276	(1 289)	47 994
Exchange rate differences	642	(65)	1 014	1 591
Retained earnings	2 595	-	(9 027)	(6 432)
Net profit (loss) for the reporting period	238 678	(29 791)	21	208 908
<b>Noncontrolling interest equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LONG-TERM LIABILITIES</b>	<b>36 079</b>	<b>2 691</b>	<b>(2 658)</b>	<b>36 112</b>
Other financial liabilities	21 080	2 658	(2 658)	21 080
Other liabilities	2 860	-	-	2 860
Deferred revenues	6 403	21	-	6 424
Provisions for employee benefits and similar liabilities	368	12	-	380
Other provisions	5 368	-	-	5 368
<b>SHORT-TERM LIABILITIES</b>	<b>172 230</b>	<b>60 611</b>	<b>(4 574)</b>	<b>228 267</b>
Other financial liabilities	25 661	869	(728)	25 802
Trade liabilities	15 703	39 787	(2 110)	53 380
Current income tax liabilities	24 445	1	-	24 446
Other liabilities	4 134	7 567	(1 659)	10 042
Deferred revenues	26 072	5 476	-	31 548
Provisions for retirement benefits and similar liabilities	6	1	-	7
Other provisions	76 209	6 910	(77)	83 042
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 084 245</b>	<b>96 654</b>	<b>(22 164)</b>	<b>2 158 735</b>

## Segmented consolidated statement of financial position as of 31.03.2021\*

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
<b>FIXED ASSETS</b>	<b>890 580</b>	<b>31 320</b>	<b>(17 344)</b>	<b>904 556</b>
Property, plant and equipment	110 646	4 131	(1 689)	113 088
Intangibles	58 952	174	-	59 126
Expenditures on development projects	368 431	20 413	(11)	388 833
Investment properties	45 248	-	-	45 248
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	15 628	-	(15 628)	-
Shares in subsidiaries excluded from consolidation	8 234	-	-	8 234
Deferrals	5 258	6 602	-	11 860
Other financial assets	150 554	-	-	150 554
Deferred income tax assets	70 852	-	(16)	70 836
Other receivables	339	-	-	339
<b>WORKING ASSETS</b>	<b>1 894 283</b>	<b>91 678</b>	<b>(3 460)</b>	<b>1 982 501</b>
Inventories	15 902	-	-	15 902
Trade receivables	50 874	3 432	(2 131)	52 175
Other receivables	116 652	16 949	(1 329)	132 272
Deferrals	4 309	6 518	-	10 827
Other financial assets	219 286	804	-	220 090
Bank deposits (maturity beyond 3 months)	73	-	-	73
Cash and cash equivalents	1 487 187	63 975	-	1 551 162
<b>TOTAL ASSETS</b>	<b>2 784 863</b>	<b>122 998</b>	<b>(20 804)</b>	<b>2 887 057</b>

\* adjusted

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



## Activity segments

In the first quarter of 2022 the Group engaged in business activities in two segments:

- CD PROJEKT RED,
- GOG.COM.

### CD PROJEKT RED

#### Target and scope of business activity

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

The segment's activities cover creation and publication of videogames, licensing the associated distribution rights, coordinating promotional activities as well as manufacturing, distributing or licensing tie-in products and merchandise which exploits the commercial appeal of brands held by the Company.

Developing and publishing videogames represents the main area of activity of the CD PROJEKT RED studio. It bases upon brands owned by the Company – The Witcher and Cyberpunk. The Studio is globally recognized for Cyberpunk 2077 and for its series of The Witcher games – all of which are its flagship brands. It also develops GWENT: The Witcher Card game, an online card game with built-in microtransaction support.

In the scope of its publishing activities the Company also assumes responsibility for its promotional and advertising campaigns, and maintains direct relations with the player base via electronic and social media channels as well as through regular participation in trade fairs. The segment also covers the activities of the online merch store at [gear.cdprojektred.com](https://gear.cdprojektred.com) which markets products directly to fans of CD PROJEKT RED games.

#### Key products

As of the publication date of this report, key releases in the Company's portfolio include The Witcher, The Witcher 2: Assassins of Kings, The Witcher 3: Wild Hunt, two expansion packs for the latter (Hearts of Stone and Blood and Wine) as well as Cyberpunk 2077 – the Studio's first game set in the Cyberpunk universe, launched on 10 December 2020. On 15 February 2022 CD PROJEKT RED released a dedicated next-gen console version of Cyberpunk 2077.

Since 2018 CD PROJEKT RED has been developing GWENT: The Witcher Card Game (PC, macOS, iOS, Android) and Thronebreaker: The Witcher Tales, based upon similar gameplay mechanics (PC, iOS, Nintendo Switch, Xbox One, PlayStation 4, Android).

### GOG.COM

#### Target and scope of business activity

GOG.COM currently ranks among the world's most popular independent digital game distribution platform. It is distinguished by offering digital products free of cumbersome DRM<sup>1</sup> measures.

The platform is offered in English, French, German, Chinese and Polish – this includes full game localizations as well as dedicated customer support and integration with locally popular payment channels, accepting payments in thirteen currencies. In addition to Windows PC releases, GOG.COM also carries releases for the macOS and Linux operating systems.

GOG.COM activities focus on digital distribution of videogames via the Company's proprietary GOG.COM distribution platform and the GOG GALAXY application. The platform enables customers to purchase games, remit payment and download game files to their personal devices, while GOG GALAXY facilitates automatic updates, cloud saves and online gameplay (including cross-platform gameplay), while also handling the online elements of GWENT, sales support and processing in-game transactions in the game's PC release.

#### Key products

As of the publication date of this report, the GOG.COM digital distribution platform offers over 6400 products from more than 1000 partners. This includes both timeless classics and fresh releases from such well-known brands as Bethesda, Disney, Electronic Arts, Ubisoft, Konami and Warner Bros. Games are also distributed using the proprietary GOG GALAXY application, which is designed to maximize customer comfort and experience related to purchasing, playing and updating games from the GOG.COM catalogue. GOG GALAXY also facilitates online and cross-platform gameplay.

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<sup>1</sup> DRM (Digital Rights Management) – a broad term which refers to technologies which limit access to digital content (games, music, movies, books) to specific persons or timeslots.



The Group uses GOG.COM to market its own products directly to end users – this includes The Witcher, The Witcher 2: Assassins of Kings, The Witcher 3: Wild Hunt (along with its expansion packs – Hearts of Stone and Blood and Wine, also offered as the Game of the Year Edition), Thronebreaker: The Witcher Tales and Cyberpunk 2077. Owing to GOG GALAXY in-game purchases placed by users of the PC edition of GWENT take advantage of GOG's sales and payment services.

## **Disclosure of the issuer's significant accomplishments and shortcomings in each activity segment in the first quarter of 2022**

### **CD PROJEKT RED**

#### **Cyberpunk 2077**

On 15 February 2022 Patch 1.5 for Cyberpunk 2077 – the game's next-gen update – was released to gamers, incorporating a range of improvements for next-gen consoles (PlayStation 5 and Xbox Series X|S). Following its release, the next-gen update may be downloaded free of charge by anyone who had purchased PlayStation 4 or Xbox One versions of the game. Patch 1.5 also includes new content, including the ability to modify the player's in-game physical appearance, new apartments and new quests. Developers have also improved NPC AI, along with certain aspects of the in-game environment, and introduced a range of bugfixes. The next-gen release of the game also received a fresh marketing identity.

The launch of the game's next-gen edition (on 15 February 2022) was also accompanied by a reinvigorated global marketing and advertising campaign, titled "Love it, or burn it", which subversively encouraged gamers to return to Night City and see for themselves how Cyberpunk 2077 had changed since its original release in December 2020. Gamers wishing to encounter Night City on PlayStation 5 and Xbox Series X|S were provided with a free trial version of the game, offering five hours of next-gen gameplay.

In the first quarter of 2022 Cyberpunk 2077 received additional awards and accolades. The game was recognized in Steam Awards 2021, topping the "Outstanding Story-Rich Game" category. In a reader survey carried out by the benchmark.pl service, Cyberpunk 2077 was named the best PC game of 2021, and in March 2022 it received a prestigious Excellence Award at the 25th edition of Japan Media Arts Festival.

#### **GWENT: The Witcher Card Game**

In January 2022 CD PROJEKT RED confirmed it was working on a new project extending the gameplay mechanics of GWENT: The Witcher Card Game. This entirely new single-player card game, based upon GWENT, with a working title of "Project Golden Nekker", is scheduled for release by the end of the current year.

On 8 February 2022 the 8th GWENT Journey season began, offering over 100 new unlockable levels and 80 awards. On 11 February GWENT players were invited to participate in the annual Love Event. Those who accepted special quests during this time were rewarded with unique items and other prizes, along with a unique skin for the Northern Kingdoms commander – Queen Calanthe.

#### **Events related to The Witcher videogame series**

On 21 March 2022 CD PROJEKT RED announced that it was working on a new saga within The Witcher videogame series. The corresponding social media announcement teased a new medallion. Within one day of publication, the tweet (posted on the official The Witcher profile) attracted over 300 thousand likes and was shared more than 70 thousand times, making it the most popular tweet ever posted by CD PROJEKT RED (a near fivefold increase in likes and shares over the previous record holder – i.e. the "beep" tweet teasing Cyberpunk 2077, posted in 2018). The Studio also announced that the next big game set in The Witcher universe would be based on Unreal Engine 5.

On 25 March 2022 CD PROJEKT RED, in collaboration with Dark Horse Comics, announced a digital edition of the medieval Witcher-themed manga – The Witcher: Ronin – to be released in the fall of the current year. The comic may already be preordered.

On 31 March 2022 the Studio unveiled the first official Witcher Cookbook, developed together with popular culinary bloggers from Nerds' Kitchen. The cookbook will contain 80 recipes inspired by the rich (not only in terms of cuisine) world of The Witcher games. It is set to appear in the fall of 2022 and may already be preordered.

### **GOG.COM**

#### **The GOG.COM platform**

As of the publication date of this statement, the list of products available on GOG.COM numbers over 6 400 items. In the first quarter of 2022 the platform's catalogue was expanded, among others, with XCOM: Chimera Squad, Cloudpunk, Partisans 1941, Martha is Dead, ELEX II, Shadow Warrior 3, Hero's Hour, Siberia: The World Before, TUNIC, Beholder 3, Strange Horticulture and Expeditions: ROME.



## Sales support

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

For GOG.COM, the first quarter of the year is marked by the platform's traditional recurring sale campaigns. The year kicked off with the Winter Sale, followed by the New Year Sale in late January, with over 2500 games offered at bargain prices. In February, the platform celebrated Valentine's Day with its "We Love Games" event, while in March the spring edition of the GOG Games Festival teased new games which would be offered on the platform in the coming months, and cut prices on over 3 000 existing games. In mid-April, following the close of the reporting season, GOG organized two additional campaigns – Indie Spring Sale and Good Old Games Week, focusing on classic games available on the platform.

## Other corporate events

On 26 January 2022 the Supervisory Board of the Company adopted a resolution appointing Mr. Paweł Zawodny and Mr. Jeremiah Cohn to the Management Board of CD PROJEKT S.A. effective on 1 February 2022. As Management Board Member, Mr. Paweł Zawodny is responsible for the technological and organizational transformation of CD PROJEKT RED, while Mr. Jeremiah Cohn coordinates the activities of the Group's marketing and communication departments, and supervises franchise development.

On 3 March 2022 the Management Board of the Company announced that it had suspended sales of CD PROJEKT Group products and distribution of games on the GOG.COM platform in Russia and Belarus.

On 21 March 2022 the Company announced that it had concluded negotiations and signed a licensing and partnership agreement with Epic Games Epic Games International S.à r.l. The agreement concerns use of Unreal Engine by the Company as well as cooperation between the parties in the scope of enhancing and improving the engine. Under the agreement the Company gains the right to develop and publish games powered by Unreal Engine 4, 5 and subsequent versions. Epic Games will also provide dedicated technical support for games published by the Company. 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.

On 25 March 2022 the Management Board of the Company announced its current policy concerning diversification of surplus current cash. The updated policy specifies that debt instruments held by the Company may account for not more than 80% (up from 50%) of the Company's current financial assets, which are defined as the sum of the following: cash and near-cash, bank deposits with maturity periods longer than 3 months, Polish State Treasury bonds, other bonds guaranteed by the Polish State Treasury and bonds issued by foreign governments, estimated at the price specified in the corresponding forward contract hedges. The updated policy also includes rating criteria for foreign bonds, and allows for up to 15% of total financial assets to be allocated to unhedged securities denominated in USD or EUR.

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

Future growth of CD PROJEKT S.A. and the CD PROJEKT Group is critically dependent on the ability to retain world-class creative professionals and experts, and to attract a growing number of specialists, both domestic and foreign, to work on the Group's future releases. Strategic directions related to talent acquisition, team development and support are presented in the [CD PROJEKT Group Strategy Update](#) (including the attached [video commentary](#)) and in the [CD PROJEKT Group Report on Sustainable Development for 2021](#).

Ongoing expansion of the team, shifting to a hybrid work mode, and upscaling of development work calls for effective management of production and publishing activities at the Company HQ in Warsaw and at its branch offices in Kraków, Wrocław, Vancouver, Los Angeles, Boston, Seoul and Tokyo. The market performance of each new release is an important aspect of the Studio's reputation as a developer of top-quality, highly sought-after entertainment products. It also underpins the value and recognition of brands such as The Witcher, Cyberpunk and CD PROJEKT RED, upon which the long-term development strategy of the Company and its Group is founded. Moreover, the activities of CD PROJEKT Group member companies are affected by external factors such as the macroeconomic outlook, legal reforms and changes in taxation. In this sense, CD PROJEKT is in a similar position to many other companies conducting business on domestic and international markets.

Key internal and external factors which, in the Board's opinion, may prove detrimental to the Group's activities and growth prospects, along with the risk management system in force at the Group, are listed in the risk assessment section of the [Management Board report on CD PROJEKT Group activities in 2021](#).

With regard to further quarterly periods in 2022 the CD PROJEKT Group intends to develop its activities in an organic manner. Additionally, while introducing the Group's strategy update the Management Board also announced increased openness to mergers and acquisitions in order to assist the growth of CD PROJEKT RED and support implementation of the Group's strategy.

## CD PROJEKT RED

Key factors which determine the growth of the CD PROJEKT RED segment include ongoing projects, the scale of development work associated with those projects and their perceived popularity among gamers. In this context, the most significant factors shaping the current results of the CD PROJEKT Group include the popularity of previously published games set in The Witcher and Cyberpunk universe, as well as – in future periods – events surrounding the development and market reception of further development projects.

In the coming quarters CD PROJEKT RED will focus on releasing the next-gen edition of The Witcher 3: Wild Hunt, releasing a large expansion for Cyberpunk 2077 and launching the CYBERPUNK: EDGERUNNERS anime series, which will enrich the Studio's franchise with a new format and improve its global recognition.



Another important milestone for CD PROJEKT RED, scheduled for the coming quarters, involves integration of the Studio's development processes with a new game engine – specifically, Unreal Engine 5 – on the basis of the licensing and partnership agreement concluded with Epic Games in March 2022. Use of this engine should significantly streamline the game development process. The Company's strategic partnership with Epic Games involves further work on UE5 in the scope of support for open-world games, and adaptation and optimization of its elements to match the conceptual framework of future projects. In addition, Epic Games has also committed itself to providing dedicated technical support for CD PROJEKT RED games. Working with UE5 also significantly broadens the Studio's recruitment opportunities given that Unreal Engine is familiar to many game developers.

Maintaining the observed growth dynamics and expansion of the CD PROJEKT RED segment will depend on further enhancement of its world-class videogame development skillset and on the capacity for effective communication with the global gaming community. Both aspects are crucial for Studio's ongoing transformation – labeled RED 2.0 – which aims, among others, to apply a more agile approach to the videogame development process, thereby improving quality, shortening future marketing campaigns and ensuring that such campaigns are based on more polished content. In project management terms, maintaining two separate major franchises (The Witcher and Cyberpunk), along with several independent development teams, will enable the Company to conduct parallel work on several projects, beginning in 2022, and will smoothen its long-term release schedule. This migration towards a dual franchise model supported by several independent product lines also permits optimization of manufacturing and financial activities, mitigates important risk factors and makes it easier for Company employees to seek professional fulfillment.

#### **GOG.COM**

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

GOG.COM growth also depends on seeking additional brand-new products. Accordingly, GOG sp. z o.o. actively communicates with leading global developers and publishers of videogames, continually expanding its list of business partners and products offered. Each new release on GOG.COM contributes to the platform's popularity and drives up sales.

In addition to adding new products GOG sp. z o.o. also seeks to expand its user base by attracting new players – those who have not yet set up a GOG.COM account. The Company has been successful in this regard, owing to its intensive PR activities and synergies resulting from cooperation with CD PROJEKT S.A. The GOG.COM customer pool continues to grow at a steady pace. Further growth of activities in the GOG.COM segment, including the potential to acquire unique know-how and experience, and to fully leverage the Company's technological expertise, will, in the coming quarters of 2022, be influenced by development of features which support sales on the platform, including better integration of GOG GALAXY monetization mechanisms with the GOG.COM storefront, as well as increased focus on expanding the GOG.COM catalogue with classic games.

#### **Other factors**

The growth of the CD PROJEKT Group will also be affected by development work and other activities carried out by its subsidiaries – Spokko and The Molasses Flood. Spokko intends to continue developing The Witcher: Monster Hunter, thus naturally contributing to the Group's know-how and ensuring its presence on the mobile game market, which is currently the fastest growing market segment. As for The Molasses Flood, it is developing a new game based on one of CD PROJEKT IPs, with a view towards establishing a new product line for the Group.

## **Effect of the political and economic situation in Ukraine on sales in the reporting period**

### **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 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 report 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 the 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 further quarters of 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 ongoing 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.

## Disclosure of seasonal or cyclical activities

### CD PROJEKT RED

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

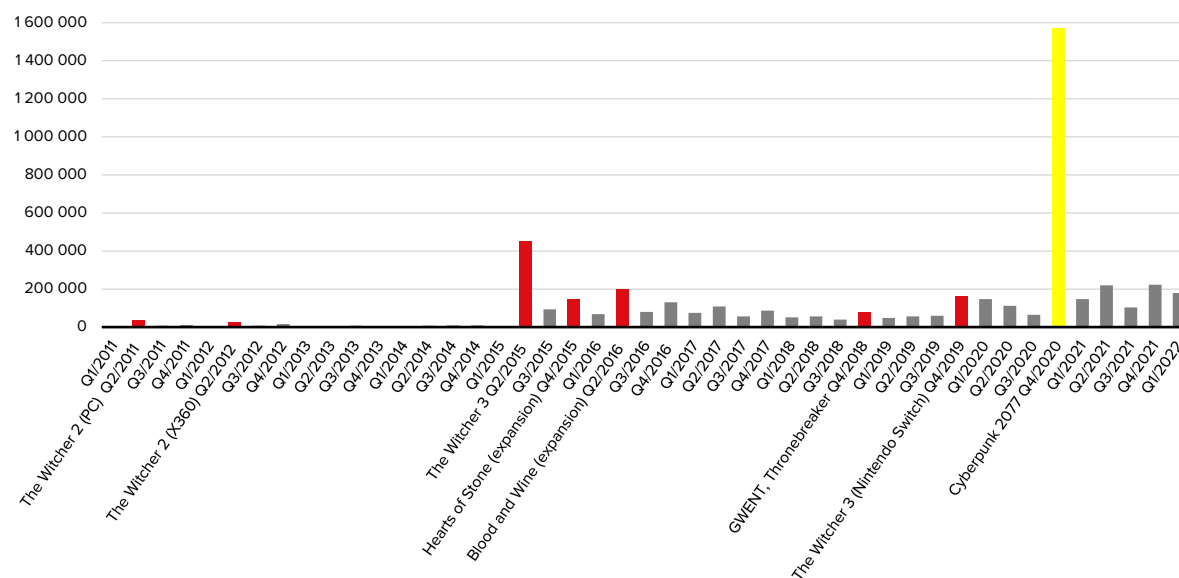
CD PROJEKT RED also engages in smaller-scale projects – such as add-ons for its own games or adapting existing products to work on new gaming platforms. Such projects may be carried out directly by the Company or by its external partners, and their implementation usually takes several months (up to about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

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

For GWENT: The Witcher Card Game, operated in the game-as-a-service model, the revenue stream depends on the overall popularity of the service and on the appeal of new in-game content released to gamers.

In addition to pure development activities, the Company also actively manages its franchises in other fields, working to continually expand its target audience, and exploring new media types and platforms.

**Chart 1** Effect of new releases on the quarterly revenues from sales of products, goods and materials by CD PROJEKT RED in 2011-2022 (PLN thousands)

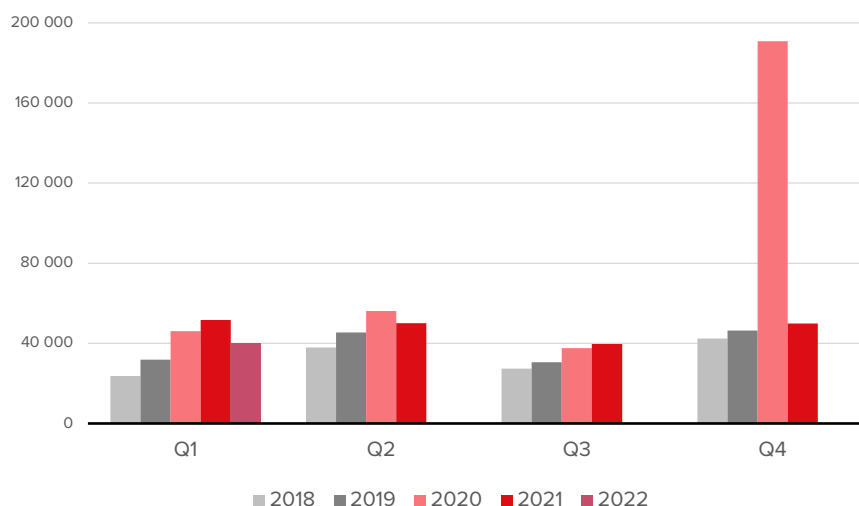


**GOG.COM**

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

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

**Chart 2** Quarterly sales of goods and materials in the GOG.COM segment in 2018-2022 (PLN thousands)



## Disclosure of key clients

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

Within the CD PROJEKT RED segment the activities of CD PROJEKT S.A. carried out in collaboration with three external clients throughout Q1 2022 generated revenues which exceeded 10% of the consolidated sales revenues of the CD PROJEKT Group for this period (calculated incrementally):

- client I: 55 735 thousand PLN, i.e. 25.8% of the Group's consolidated sales revenues,
- client II: 44 639 thousand PLN, i.e. 20.7% of the Group's consolidated sales revenues,
- client III: 28 680 thousand PLN, i.e. 13.3% of the Group's consolidated sales revenues.

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



CD PROJEKT

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

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**4**



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

In this condensed interim consolidated financial statement of the CD PROJEKT Group for the period between 1 January and 31 March 2022 no circumstances affecting assets, liabilities, equity, net financial result and cash flows have been identified which could be regarded as unusual due to their type, size or effect.

## Note 2. Property, plant and equipment

### Changes in PP&E (by category) between 01.01.2022 and 31.03.2022\*

	Land holdings	Buildings and structures	Civil engineering objects	Machinery and equipment	Vehicles	Other PP&E	PP&E under construction	Total
<b>Gross carrying amount as of 01.01.2022</b>	<b>40 435</b>	<b>75 861</b>	<b>1 876</b>	<b>52 127</b>	<b>3 243</b>	<b>4 930</b>	<b>2 327</b>	<b>180 799</b>
<b>Increases from:</b>	-	<b>4 292</b>	-	<b>1 221</b>	-	<b>36</b>	<b>4 331</b>	<b>9 880</b>
purchase	-	103	-	1 189	-	11	4 331	5 634
lease agreements concluded	-	3 956	-	-	-	-	-	3 956
reassignment from PP&E under construction	-	233	-	17	-	25	-	275
reclassification	-	-	-	15	-	-	-	15
<b>Reductions from:</b>	-	<b>816</b>	<b>212</b>	<b>1 939</b>	-	<b>104</b>	<b>356</b>	<b>3 427</b>
sale	-	-	-	84	-	-	-	84
disposal	-	816	212	1 854	-	89	-	2 971
reassignment from PP&E under construction	-	-	-	-	-	-	275	275
reclassification	-	-	-	-	-	15	81	96
other	-	-	-	1	-	-	-	1
<b>Gross carrying amount as of 31.03.2022</b>	<b>40 435</b>	<b>79 337</b>	<b>1 664</b>	<b>51 409</b>	<b>3 243</b>	<b>4 862</b>	<b>6 302</b>	<b>187 252</b>
<b>Depreciation as of 01.01.2022</b>	<b>1 250</b>	<b>19 797</b>	<b>558</b>	<b>35 145</b>	<b>1 792</b>	<b>2 669</b>	-	<b>61 211</b>
<b>Increases from:</b>	<b>142</b>	<b>1 673</b>	<b>53</b>	<b>2 476</b>	<b>128</b>	<b>239</b>	-	<b>4 711</b>
depreciation	142	1 673	53	2 462	128	239	-	4 697
reclassification	-	-	-	14	-	-	-	14
<b>Reductions from:</b>	-	<b>845</b>	<b>76</b>	<b>1 925</b>	<b>3</b>	<b>82</b>	-	<b>2 931</b>
sale	-	-	-	80	-	-	-	80
disposal	-	816	76	1 842	-	67	-	2 801
reclassification	-	-	-	-	-	15	-	15
other	-	29	-	3	3	-	-	35
<b>Depreciation as of 31.03.2022</b>	<b>1 392</b>	<b>20 625</b>	<b>535</b>	<b>35 696</b>	<b>1 917</b>	<b>2 826</b>	-	<b>62 991</b>
Impairment allowances as of 01.01.2022	-	-	-	-	-	-	-	-
Impairment allowances as of 31.03.2022	-	-	-	-	-	-	-	-
<b>Net carrying amount as of 01.01.2022</b>	<b>39 185</b>	<b>56 064</b>	<b>1 318</b>	<b>16 982</b>	<b>1 451</b>	<b>2 261</b>	<b>2 327</b>	<b>119 588</b>
<b>Net carrying amount as of 31.03.2022</b>	<b>39 043</b>	<b>58 712</b>	<b>1 129</b>	<b>15 713</b>	<b>1 326</b>	<b>2 036</b>	<b>6 302</b>	<b>124 261</b>

\* adjusted

**Contractual commitments for future acquisition of PP&E**

	31.03.2022	31.12.2021	31.03.2021
Leasing of passenger cars	429	429	195
<b>Total</b>	<b>429</b>	<b>429</b>	<b>195</b>

**Usufruct of PP&E held under lease agreements**

	31.03.2022		
	Gross value	Depreciation	Net value
Land holdings	14 540	515	14 025
Immovable properties	11 276	6 577	4 699
Civil engineering objects	94	59	35
Vehicles	1 512	347	1 165
<b>Total</b>	<b>27 422</b>	<b>7 498</b>	<b>19 924</b>

	31.12.2021		
	Gross value	Depreciation	Net value
Land holdings	14 540	464	14 076
Immovable properties	8 037	6 698	1 339
Civil engineering objects	94	47	47
Vehicles	1 504	257	1 247
<b>Total</b>	<b>24 175</b>	<b>7 466</b>	<b>16 709</b>

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

### Nota 3. Intangibles and expenditures on development projects

Changes in intangibles and expenditures on development projects between  
01.01.2022 and 31.03.2022

	Development projects in progress	Development projects completed	Trademarks	Patents and licenses	Copyrights	Computer software	Goodwill	Intangible assets under construction	Others
<b>Gross carrying amount as of 01.01.2022</b>	<b>95 169</b>	<b>841 986</b>	<b>33 199</b>	<b>2 154</b>	<b>18 331</b>	<b>36 018</b>	<b>56 438</b>	<b>19</b>	<b>1 083 314</b>
<b>Increases from:</b>	<b>35 129</b>	<b>12 059</b>	-	<b>26</b>	-	<b>10 962</b>	-	-	<b>58 176</b>
purchases	-	-	-	26	-	10 962	-	-	10 988
own creation	35 129	-	-	-	-	-	-	-	35 129
reassignment from development projects in progress	-	12 059	-	-	-	-	-	-	12 059
<b>Reductions from:</b>	<b>12 059</b>	-	-	-	-	-	-	-	<b>12 059</b>
reassignment from development projects in progress	12 059	-	-	-	-	-	-	-	12 059
<b>Gross carrying amount as of 31.03.2022</b>	<b>118 239</b>	<b>854 045</b>	<b>33 199</b>	<b>2 180</b>	<b>18 331</b>	<b>46 980</b>	<b>56 438</b>	<b>19</b>	<b>1 129 431</b>
<b>Depreciation as of 01.01.2022</b>	-	<b>552 378</b>	-	<b>1 928</b>	<b>173</b>	<b>29 227</b>	-	-	<b>583 706</b>
<b>Increases from:</b>	-	<b>18 319</b>	-	<b>63</b>	<b>31</b>	<b>1 065</b>	-	-	<b>19 478</b>
depreciation	-	18 319	-	63	31	1 065	-	-	19 478
<b>Reductions</b>	-	-	-	-	-	-	-	-	-
<b>Depreciation as of 31.03.2022</b>	-	<b>570 697</b>	-	<b>1 991</b>	<b>204</b>	<b>30 292</b>	-	-	<b>603 184</b>
Impairment allowances as of 01.01.2022	20 806	13 776	-	-	-	-	-	-	34 582
Impairment allowances as of 31.03.2022	20 806	13 776	-	-	-	-	-	-	34 582
<b>Net carrying amount as of 01.01.2022</b>	<b>74 363</b>	<b>275 832</b>	<b>33 199</b>	<b>226</b>	<b>18 158</b>	<b>6 791</b>	<b>56 438</b>	<b>19</b>	<b>465 026</b>
<b>Net carrying amount as of 31.03.2022</b>	<b>97 433</b>	<b>269 572</b>	<b>33 199</b>	<b>189</b>	<b>18 127</b>	<b>16 688</b>	<b>56 438</b>	<b>19</b>	<b>491 665</b>

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

None reported.

### Note 4. Goodwill

No changes in goodwill occurred between 1 January and 31 March 2022.

### Note 5. Investment properties

The parent 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 Group has decided to report it in part as an investment property. The remaining part of both properties is used by the Group for its own purposes.

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

**Changes in the value of investment properties between 01.01.2022 and 31.03.2022\***

<b>Gross balance sheet value as of 01.01.2022</b>	<b>48 170</b>
<b>Increases from:</b>	<b>157</b>
activation of costs	157
<b>Reductions</b>	-
<b>Gross balance sheet value as of 31.03.2022</b>	<b>48 327</b>
<b>Depreciation as of 01.01.2022</b>	<b>3 536</b>
<b>Increases from:</b>	<b>473</b>
depreciation	473
<b>Reductions</b>	-
<b>Depreciation as of 31.03.2022</b>	<b>4 009</b>
<b>Impairment allowances as of 01.01.2022</b>	-
<b>Increases</b>	-
<b>Reductions</b>	-
<b>Impairment allowances as of 31.03.2022</b>	-
<b>Net balance sheet value as of 31.03.2022</b>	<b>44 318</b>

\* *adjusted***Contractual commitments for acquisition of investment properties**

None reported.



## Note 6. Inventories

	31.03.2022	31.12.2021	31.03.2021
Goods	14 909	15 843	15 803
Other materials	61	43	99
<b>Gross inventories</b>	<b>14 970</b>	<b>15 886</b>	<b>15 902</b>
Inventory impairment allowances	-	-	-
<b>Net inventories</b>	<b>14 970</b>	<b>15 886</b>	<b>15 902</b>

### Changes in inventory impairment allowances

None reported.

## Note 7. Trade and other receivables

	31.03.2022	31.12.2021	31.03.2021
<b>Gross trade and other receivables</b>	<b>182 819</b>	<b>240 288</b>	<b>185 650</b>
<b>Impairment allowances</b>	<b>813</b>	<b>811</b>	<b>864</b>
<b>Trade and other receivables</b>	<b>182 006</b>	<b>239 477</b>	<b>184 786</b>
from affiliates	1 356	1 238	126
from external entities	180 650	238 239	184 660

### Changes in impairment allowances on receivables

	Trade receivables	Other receivables	Total
<b>OTHER ENTITIES</b>			
<b>Impairment allowances as of 01.01.2022</b>	<b>79</b>	<b>732</b>	<b>811</b>
<b>Increases from:</b>	<b>2</b>	<b>-</b>	<b>2</b>
creation of allowances for past-due and contested receivables	2	-	2
<b>Reductions</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Impairment allowances as of 31.03.2022</b>	<b>81</b>	<b>732</b>	<b>813</b>

## Current and overdue trade receivables as of 31.03.2022

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
AFFILIATES							
gross receivables	1 348	294	-	-	1 054	-	-
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	1 348	294	-	-	1 054	-	-

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	67 155	66 758	271	2	-	-	124
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	81	-	-	-	-	-	81
total expected credit loss	81	-	-	-	-	-	81
Net receivables	67 074	66 758	271	2	-	-	43

<b>Total</b>							
gross receivables	68 503	67 052	271	2	1 054	-	124
impairment allowances	81	-	-	-	-	-	81
<b>Net receivables</b>	<b>68 422</b>	<b>67 052</b>	<b>271</b>	<b>2</b>	<b>1 054</b>	<b>-</b>	<b>43</b>

## Other receivables

	31.03.2022	31.12.2021	31.03.2021
<b>Other gross receivables, including:</b>	<b>114 316</b>	<b>114 916</b>	<b>133 343</b>
tax returns except corporate income tax	69 462	77 067	96 519
advance payments associated with expenditures on development projects	32 480	30 435	24 303
advance payments for supplies	10 346	5 391	10 415
deposits	1 014	998	636
provisions for sales revenues - advances	75	67	352
employee compensation settlements	31	5	33
prepayments associated with purchases of PP&E and intangibles	10	34	120
settlements with board members at the Group's member companies	8	7	8
prepayments associated with licensing royalties	-	-	86
prepayments associated with purchases of investment properties	-	79	60
other	158	101	79
<b>Impairment allowances</b>	<b>732</b>	<b>732</b>	<b>732</b>
<b>Total other gross receivables</b>	<b>113 584</b>	<b>114 184</b>	<b>132 611</b>
short-term	113 206	113 498	132 272
long-term	378	686	339

## Note 8. Other financial assets

	31.03.2022	31.12.2021	31.03.2021
Loans granted	10 441	8 890	6 067
Bonds	427 607	477 415	363 774
Derivative financial instruments	236	-	803
<b>Other financial assets, including:</b>	<b>438 284</b>	<b>486 305</b>	<b>370 644</b>
short-term assets	261 828	307 765	220 090
long-term assets	176 456	178 540	150 554



## Note 9. Deferrals

	31.03.2022	31.12.2021	31.03.2021
Minimum guarantees and advance payments at GOG.COM	21 496	15 230	11 889
Software, licenses	5 815	3 905	4 739
Expenses associated with future marketing activities	1 715	1 734	1 840
Repairs and refurbishment	1 387	1 470	1 611
Fees associated with right of first refusal	1 351	1 378	1 458
IT security	432	421	525
Non-life insurance	332	525	207
Payments related to perpetual usufruct of land	213	-	-
Business travel (airfare, accommodation, insurance)	48	64	3
Marketing campaigns	3	19	1
Participation in trade fairs	-	7	-
Other prepaid expenses	458	444	414
<b>Total prepaid expenses, including:</b>	<b>33 250</b>	<b>25 197</b>	<b>22 687</b>
short-term	18 931	13 763	10 827
long-term	14 319	11 434	11 860

## Note 10. Deferred income tax

### Negative temporary differences requiring recognition of deferred tax assets

	31.12.2021	Differences affecting deferred tax aggregated with financial result	31.03.2022
Provisions for other employee benefits	385	-	385
Provisions for compensation dependent on financial result and other compensation	39 543	10 124	49 667
Tax loss	15 133	(314)	14 819
Negative exchange rate differences	3 275	10 702	13 977
Difference between balance sheet value and tax value of expenditures on development projects	24 780	9	24 789
Employee compensation and social security expenses payable in future reporting periods	61	10	71
Deferred revenues associated with adding funds to virtual wallets and participation in the additional benefits programs	3 401	314	3 715
Other provisions	48 841	(19 275)	29 566
R&D tax relief	303 891	-	303 891
Advances recognized as taxable income	1 469	348	1 817
Difference between net balance sheet value and tax value of PP&E and intangibles	12	-	12
Estimation of forward contracts	142	(142)	-
Other sources	83	29	112
<b>Total negative temporary differences</b>	<b>441 016</b>	<b>1 805</b>	<b>442 821</b>
subject to 5% tax rate	60 423	3 877	64 300
subject to 19% tax rate	380 593	(2 072)	378 521
withholding tax levied abroad	1 209	40	1 249
<b>Deferred tax assets</b>	<b>75 350</b>	<b>(200)</b>	<b>75 150</b>

### Positive temporary differences requiring recognition of deferred tax liabilities

	31.12.2021	Differences affecting deferred tax aggregated with financial result	31.03.2022
Difference between balance sheet value and tax value of PP&E and intangibles	14 431	(65)	14 366
Income in the current period invoiced in the following period / accrued income	129 257	(62 994)	66 263
Positive exchange rate differences	14 963	9 411	24 374
Estimation of forward contracts	-	237	237
Difference between balance sheet value and tax value of expenditures on development projects	272 934	(9 684)	263 250
Other sources	86	241	327
<b>Total positive temporary differences</b>	<b>431 671</b>	<b>(62 854)</b>	<b>368 817</b>
subject to 5% tax rate	386 324	(64 149)	322 175
subject to 19% tax rate	45 347	1 295	46 642
<b>Deferred tax liabilities</b>	<b>27 932</b>	<b>(2 961)</b>	<b>24 971</b>

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

### Net balance of deferred tax assets/liabilities

	31.03.2022	31.12.2021	31.03.2021
Deferred tax assets	75 150	75 350	96 402
Deferred tax liabilities	24 971	27 932	25 566
<b>Net deferred tax assets/(liabilities)</b>	<b>50 179</b>	<b>47 418</b>	<b>70 836</b>

### Income tax reported in profit/loss account

	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021
Current income tax, including:	25 729	64 440
withholding tax paid abroad	15 673	3
Changes in deferred income tax	(2 754)	(59 876)
<b>Income tax reported in profit/loss account</b>	<b>22 975</b>	<b>4 564</b>

## Note 11. Provisions for employee benefits and similar liabilities

	31.03.2022	31.12.2021	31.03.2021
Provisions for retirement benefits and pensions	387	387	402
<b>Total, including:</b>	<b>387</b>	<b>387</b>	<b>402</b>
short-term provisions	7	7	4
long-term provisions	380	380	398

No changes in provisions for employee benefits and similar liabilities occurred between 1 January and 31 March 2022.

## Note 12. Other provisions

	31.03.2022	31.12.2021	31.03.2021
<b>Provisions for returns</b>	-	-	<b>130 508</b>
<b>Provisions for liabilities, including:</b>	<b>91 783</b>	<b>88 410</b>	<b>249 861</b>
provisions for financial statement audit and review expenses	184	160	28
provisions for bought-in services	1 085	1 042	788
provisions for compensation contingent upon the Group's financial result, and other compensation	58 105	44 856	238 589
provisions for other expenses	32 409	42 352	10 456
<b>Total, including:</b>	<b>91 783</b>	<b>88 410</b>	<b>380 369</b>
short-term provisions	86 415	83 042	380 369
long-term provisions	5 368	5 368	-

### Changes in other provisions

	Provisions for compensation contingent upon the Group's financial result, and other compensation	Other provisions	Total
<b>As of 01.01.2022</b>	<b>44 856</b>	<b>43 554</b>	<b>88 410</b>
Provisions created during the financial year	13 380	13 211	26 591
Provisions consumed	56	23 012	23 068
Provisions dissolved	75	75	150
<b>As of 31.03.2022, including:</b>	<b>58 105</b>	<b>33 678</b>	<b>91 783</b>
short-term provisions	58 105	28 310	86 415
long-term provisions	-	5 368	5 368

## Note 13. Other liabilities

	31.03.2022	31.12.2021	31.03.2021
<b>Liabilities from other taxes, duties, social security payments and others, except corporation tax</b>	<b>8 679</b>	<b>9 536</b>	<b>7 867</b>
VAT	3 841	5 515	4 952
Flat-rate withholding tax	888	905	38
Personal income tax	1 112	1 835	922
Social security (ZUS) payments	2 723	1 164	1 889
National Disabled Persons Rehabilitation Fund (PFRON) payments	62	56	47
PIT-8AR settlements	53	61	19
<b>Other liabilities</b>	<b>3 253</b>	<b>3 366</b>	<b>3 732</b>
Liabilities associated with right of first refusal and future marketing costs	2 800	2 860	3 040
Other employee-related liabilities	105	125	38
Other liabilities payable to management board members at Group member companies	22	36	2
Liabilities due to shareholders in association with capital contributions	-	-	2
Advance payments received from foreign clients	-	13	-
Other liabilities	326	332	650
<b>Total, including:</b>	<b>11 932</b>	<b>12 902</b>	<b>11 599</b>
short-term liabilities	9 132	10 042	8 486
long-term liabilities	2 800	2 860	3 113

## Note 14. Deferred revenues

	31.03.2022	31.12.2021	31.03.2021
Subsidies	7 812	8 277	14 851
Future period revenues	17 105	25 715	24 126
GOG Wallet	4 058	3 947	3 425
Official phone rental and other services	46	33	35
<b>Total, including:</b>	<b>29 021</b>	<b>37 972</b>	<b>42 437</b>
short-term deferrals	23 053	31 548	41 477
long-term deferrals	5 968	6 424	960

## Note 15. Disclosure of financial instruments

### Fair value of financial instruments per class

Following an analysis of each class of financial instruments held by the Group, the Management Boards has determined that their carrying amounts in all cases reflect their corresponding fair value as of 31 March 2022, 31 December 2021 and 31 March 2021 respectively.

	31.03.2022	31.12.2021*	31.03.2021
<b>LEVEL 1</b>			
<b>Assets estimated at fair value</b>			
<b>Financial assets estimated at fair value through other comprehensive income</b>	<b>177 736</b>	<b>228 661</b>	<b>213 220</b>
foreign government bonds - CHF	-	-	16 644
foreign government bonds - EUR	24 731	24 517	25 311
foreign government bonds - USD	153 005	204 144	171 265
<b>LEVEL 2</b>			
<b>Assets estimated at fair value through financial result</b>			
<b>Derivative instruments</b>	<b>236</b>	<b>-</b>	<b>803</b>
forward currency contracts - EUR	6	-	66
forward currency contracts - USD	230	-	737
<b>Liabilities estimated at fair value through financial result</b>			
<b>Derivative instruments</b>	<b>24 303</b>	<b>18 047</b>	<b>4 980</b>
forward currency contracts - CHF	-	-	(1 758)
forward currency contracts - EUR	598	486	624
forward currency contracts - USD	23 705	17 561	6 114

\* adjusted

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

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

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

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

## Financial assets – classification and estimation

	31.03.2022	31.12.2021	31.03.2021
<b>Financial assets estimated at amortized cost</b>	<b>1 163 087</b>	<b>1 060 209</b>	<b>1 760 370</b>
Other long-term receivables	378	686	339
Trade receivables	68 422	125 293	52 175
Cash and cash equivalents	748 585	411 586	1 551 162
Bank deposits (maturity beyond 3 months)	85 390	265 000	73
State Treasury bonds and bonds guaranteed by the State Treasury	249 871	248 754	150 554
Loans granted	10 441	8 890	6 067
<b>Financial assets estimated at fair value through other comprehensive income</b>	<b>177 736</b>	<b>228 661</b>	<b>213 220</b>
Foreign government bonds	177 736	228 661	213 220
<b>Financial assets estimated at fair value through financial result</b>	<b>236</b>	<b>-</b>	<b>803</b>
Derivative financial instruments	236	-	803
<b>Total financial assets</b>	<b>1 341 059</b>	<b>1 288 870</b>	<b>1 974 393</b>

## Zobowiązania finansowe – klasyfikacja i wycena

	31.03.2022	31.12.2021*	31.03.2021
<b>Financial liabilities estimated at amortized cost</b>	<b>103 605</b>	<b>82 215</b>	<b>151 990</b>
Trade liabilities	71 272	53 380	133 560
Other financial liabilities	32 333	28 835	18 430
<b>Financial liabilities estimated at fair value through financial result</b>	<b>24 303</b>	<b>18 047</b>	<b>4 980</b>
Derivative financial instruments	24 303	18 047	4 980
<b>Total financial liabilities</b>	<b>127 908</b>	<b>100 262</b>	<b>156 970</b>

\* adjusted

In line with the requirements of **IFRS 9 Financial Instruments** the parent 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 parent Company to conclude the following:

- The purpose of the conducted investments in domestic and foreign treasury bonds is to hold to maturity and collect the associated contractual cash flows;
- The investment mandates covering the foreign bond portfolio also permit sale of bonds prior to the expiration of their respective redemption periods in the framework of the adopted portfolio management 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.

## Note 16. Sales revenues

### Sales revenues by territory\*

	01.01.2022 – 31.03.2022		01.01.2021 – 31.03.2021	
	PLN	%	PLN	%
<b>Domestic sales</b>	<b>7 855</b>	<b>3.63%</b>	<b>6 826</b>	<b>3.45%</b>
<b>Exports, including:</b>	<b>208 291</b>	<b>96.37%</b>	<b>190 806</b>	<b>96.55%</b>
Europe	44 678	20.67%	34 726	17.57%
North America	141 329	65.40%	135 803	68.71%
South America	634	0.29%	648	0.33%
Asia	19 929	9.22%	17 687	8.95%
Australia	1 673	0.77%	1 811	0.92%
Africa	48	0.02%	131	0.07%
<b>Total</b>	<b>216 146</b>	<b>100%</b>	<b>197 632</b>	<b>100%</b>

Revenues from exports reported for Europe include the Russian market.

\*The presented data reflects the territories of residence of the immediate clients of Group member companies. For CD PROJEKT S.A. this means distributors, while in the scope of retail distribution carried out by GOG.COM sp. z o.o., CD PROJEKT RED STORE sp. z o.o. and CD PROJEKT Inc. – final customers.

### Sales revenues by product type

	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021
Own products	173 787	145 868
External products	41 724	51 377
Other revenues	635	387
<b>Total</b>	<b>216 146</b>	<b>197 632</b>

### Sales revenues by distribution channel

	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021
Videogames – box editions	10 712	10 112
Videogames – digital editions	197 926	181 728
Other revenues	7 508	5 792
<b>Total</b>	<b>216 146</b>	<b>197 632</b>

## Note 17. Operating expenses

	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021
Depreciation of PP&E, intangibles, expenditures on development projects and investment properties, including:	3 894	4 490
depreciation of leased buildings	421	609
depreciation of leased vehicles	81	60
Consumption of materials and energy	634	1 016
Bought-in services, including:	37 829	37 112
short-term leases and leases of low-value assets	121	207
Taxes and fees	265	245
Employee compensation, social security and other benefits	37 350	48 768
Business travel	81	20
Use of company cars	59	44
Cost of goods and materials sold	29 255	38 615
Cost of products and services sold	18 372	23 657
Other expenses	511	494
<b>Total</b>	<b>128 250</b>	<b>154 461</b>
Selling costs	60 606	62 077
General and administrative costs, including:	20 017	30 112
research costs	4 977	9 519
Cost of products, services, goods and materials sold	47 627	62 272
<b>Total</b>	<b>128 250</b>	<b>154 461</b>

## Note 18. Other operating revenues and expenses

### Other operating revenues

	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021
Revenues from lease contracts	1 660	1 487
Subsidies	465	17
Reinvoicing revenues	226	267
Dissolution of unused cost provisions	206	-
Other sales	11	10
Profit from sales of PP&E	3	-
Other miscellaneous operating revenues	19	8
<b>Total other operating revenues</b>	<b>2 590</b>	<b>1 789</b>

### Other operating expenses

	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021
Disposal (destruction) of materials and goods	2 301	33
Donations	1 097	-
Own cost of leases	894	892
Depreciation of investment properties	463	435
Reinvoicing expenses	226	271
Disposal of PP&E and intangibles	170	23
Disposal of investment properties	-	51
Help Me Refund – refunds	-	36
Loss from sales of PP&E	-	8
Nonculpable shortfalls in working assets	-	7
Other miscellaneous expenses	12	-
<b>Total other operating expenses</b>	<b>5 163</b>	<b>1 756</b>

## Note 19. Financial revenues and expenses

### Financial revenues

	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021
<b>Revenues from interest</b>	<b>7 663</b>	<b>168</b>
on short-term bank deposits	2 364	40
on bonds	5 198	101
on loans granted	101	27
<b>Other financial revenues</b>	<b>9 128</b>	<b>9 894</b>
settlement and estimation of derivative financial instruments	2 037	9 894
profit from maturation of bonds	7 089	-
forward contracts – Management Board members	2	-
<b>Total financial revenues</b>	<b>16 791</b>	<b>10 062</b>

### Financial expenses

	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021
<b>Interest payments</b>	<b>243</b>	<b>203</b>
on bonds	101	156
on lease agreements	135	44
on budget commitments	7	3
<b>Other financial expenses</b>	<b>9 976</b>	<b>16 006</b>
surplus negative exchange rate differences	3 488	15 302
settlement and estimation of derivative financial instruments	6 397	-
losses from maturation of bonds	-	628
bond purchase fees	91	76
<b>Total financial expenses</b>	<b>10 219</b>	<b>16 209</b>
<b>Net balance of financial activities</b>	<b>6 572</b>	<b>(6 147)</b>

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

The Group has entered into agreements concerning leasing of office equipment (multipurpose photocopiers, kitchen equipment) as well as apartments which potentially meet the criteria of lease agreements under IFRS 16. However, the Group regards these agreements as either short-term or concerning low-value assets, and, consequently, does not apply the new standard to these agreements, in line with the practical expedient specified in Art. 5 of the new standard. In such cases lease payments are reported as costs during the period in which they are incurred, using either the straight-line method or another method which best reflects the breakdown of payments throughout the duration of the agreement (information regarding costs related to such agreements, incurred between 1 January and 31 March 2022, can be found in Note 17).

As of 31 March 2022, 31 December 2021 and 31 March 2021 future payments associated with irrevocable short-term lease agreements and lease agreements concerning low-value assets are as follows:

	31.03.2022	31.12.2021	31.03.2021
Due within 1 year	338	121	327
Due between 1 and 5 years	131	149	151
<b>Total</b>	<b>469</b>	<b>270</b>	<b>478</b>

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

### Issue of debt securities

Not applicable.

### Issue of capital securities

	31.03.2022	31.12.2021	31.03.2021
Stock volume (thousands)	100 739	100 739	100 739
Nominal value per share (PLN)	1	1	1
<b>Share capital</b>	<b>100 739</b>	<b>100 739</b>	<b>100 739</b>

## Note 22. Dividends declared or paid out and collected

The Group's member companies did not pay out or collect any dividends between 1 January and 31 March 2022.

On 25 May 2022 the Management Board of CD PROJEKT S.A. recommended to Annual General Meeting the amount of 100 739 thousand PLN to be divided among the shareholders in the form of the dividend in the amount of 1 PLN per one share.

## Note 23. Transactions with affiliates

### Conditions governing transactions with affiliates

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

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

## Transactions with affiliates following consolidation eliminations

	Sales to affiliates		Purchases from affiliates	
	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021
<b>SUBSIDIARIES</b>				
CD PROJEKT Co., Ltd. (undergoing liquidation)	-	-	-	939
Spokko sp. z o.o.	343	141	-	-
CD PROJEKT RED Vancouver Studio Ltd.	22	-	3 226	-
The Molasses Flood LLC	-	-	3 962	-
<b>MANAGEMENT BOARD MEMBERS AT GROUP MEMBER COMPANIES</b>				
Marcin Iwiński	1	10	-	-
Adam Kiciński	-	1	-	-
Piotr Nielubowicz	1	2	-	-
Michał Nowakowski	3	6	-	-
Adam Badowski	6	-	-	-
Piotr Karwowski	2	-	-	-
Paweł Zawodny	1	-	-	-
Jeremiah Cohn	1	-	-	-

	Receivables from affiliates			Liabilities due to affiliates		
	31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.12.2021	31.03.2021
<b>SUBSIDIARIES</b>						
CD PROJEKT Co., Ltd. (undergoing liquidation)	-	-	-	-	-	311
Spokko sp. z o.o.	10 713	9 113	6 185	-	-	-
CD PROJEKT RED Vancouver Studio Ltd.	1 076	1 008	-	874	164	-
The Molasses Flood LLC	-	-	-	1 792	1 019	-
<b>MANAGEMENT BOARD MEMBERS AT GROUP MEMBER COMPANIES</b>						
Marcin Iwiński	-	-	5	-	19	1
Adam Kiciński	-	-	-	-	5	-
Michał Nowakowski	2	-	3	-	7	1
Adam Badowski	6	7	-	-	5	-
Urszula Jach - Jaki	-	-	-	15	-	-
Paweł Zawodny	-	-	-	7	-	-



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

Not applicable.

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

### Conditional liabilities from sureties and collateral pledged

	Type of agreement	Currency	31.03.2022	31.12.2021	31.03.2021
<b>mBank S.A.</b>					
Declaration of submission to enforcement	Collateral for debit card agreement	PLN	920	920	920
Promissory note agreement	Collateral for framework concerning financial market transactions	PLN	50 000	50 000	50 000
Promissory note agreement	Collateral for lease agreement	PLN	-	667	667
Promissory note agreement	Collateral for lease agreement	PLN	427	-	-
<b>Ingenico Group S.A. (formerly Global Collect Services BV)</b>					
Contract of guarantee	Guarantee of discharge of liabilities by GOG sp. z o.o.	EUR	-	155	155
<b>Mazovian Unit for Implementation of EU Programs (Mazowiecka Jednostka Wdrażania Programów Unijnych)</b>					
Contractual pledge	Pledge to cover maintenance and renovation expenses related to leased space	PLN	40	58	113
<b>National Center for Research and Development (Narodowe Centrum Badań i Rozwoju)</b>					
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0105/16	PLN	7 711	7 711	7 934
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0110/16	PLN	3 846	3 846	5 114
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0112/16	PLN	3 692	3 692	3 857
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0118/16	PLN	5 324	5 324	5 324
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0120/16	PLN	1 204	1 204	1 204
<b>Pekao Leasing Sp. z o.o.</b>					
Promissory note agreement	Lease agreement no. 37/1991/21	PLN	418	442	-

**Santander Bank Polska S.A. (formerly BZ WBK S.A.)**

Promissory note agreement	Framework agreement concerning financial market transactions	PLN	23 500	23 500	13 000
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**Bank Polska Kasa Opieki S.A.**

Promissory note agreement	Framework agreement concerning financial market transactions	PLN	35 000	35 000	20 000
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**BNP Paribas Bank Polska S.A.**

Promissory note agreement	Framework agreement concerning financial market transactions	PLN	26 600	26 600	75 000
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## Note 26. Changes in the structure of the Group and its member entities occurring during the reporting period

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

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

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

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

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

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

As of the publication date of this financial statement a total of 2 243 000 entitlements have been granted under the 2020-2025 incentive program.

Based on the Group's earnings in 2020 and 2021, and projections regarding further years covered by the program, the Management Board of the parent Company 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.

## Note 28. Fiscal settlements

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

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

Given that the Company meets the requirements expressed in Art. 19 of the Act of 30 May 2008 on certain forms of supporting innovative activity (JL 2021 item 706), on 11 August 2021, the Minister for Entrepreneurship and Technology issued decision no. DNP-V.4241.11.2021, upholding the previous decision no. 4/CBR/18 of 19 June 2018 which bestowed upon the Company the status of an R&D center. This status entitles the Company to apply broader R&D tax relief options specified in the Corporate Income Tax Act of 15 February 1992 (JL 2021, item 1800).

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

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

	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021
<b>Cash and cash equivalents reported in cash flow statement</b>	<b>748 585</b>	<b>1 551 162</b>
Cash on balance sheet	748 585	1 551 162
<b>Depreciation</b>	<b>3 894</b>	<b>4 490</b>
Depreciation of intangibles	590	825
Depreciation of expenditures on development projects	299	414
Depreciation of PP&E	2 995	3 241
Depreciation of investment properties	10	10
<b>Profit (loss) from exchange rate differences results from:</b>	<b>(1 359)</b>	<b>(8 975)</b>
Exchange rate differences on estimation of bonds	(1 359)	(8 975)
<b>Interest and share in profits consist of:</b>	<b>(7 427)</b>	<b>32</b>
Interest on bank deposits	(2 364)	(40)
Interest on bonds	(5 097)	55
Interest accrued on loans granted	(101)	(27)
Interest on lease agreements	135	44
<b>Profit (loss) from investment activities results from:</b>	<b>(434)</b>	<b>12 215</b>
Revenues from sale of PP&E	(7)	-
Net value of PP&E sold	4	8
Net value of PP&E liquidated	170	19
Net value of intangibles liquidated	-	4
Net value of investment properties liquidated	-	51
Settlement and estimation of derivative instruments	6 397	11 429
Bond purchase fees	91	76
Revenues from maturation of bonds	(61 449)	(33 098)
Value of bonds held to maturity	54 360	33 726
<b>Changes in provisions result from:</b>	<b>(4 176)</b>	<b>(81 400)</b>
Balance of changes in provisions for liabilities	3 373	(105 198)
Provisions for compensation contingent upon the Group's financial result aggregated with expenses on development projects	(7 549)	23 798
<b>Changes in inventory status result from:</b>	<b>916</b>	<b>(8 945)</b>
Balance of changes in inventory status	916	(8 945)
<b>Changes in receivables result from:</b>	<b>43 740</b>	<b>1 091 367</b>
Balance of changes in short-term receivables	56 860	1 091 366
Balance of changes in long-term receivables	308	(18)
Balance of changes in advance payments for investment properties	(79)	(10)
Withholding tax paid abroad	(15 673)	(3)
Current income tax adjustments	303	-
Changes in advance payments related to expenditures on development projects	2 045	(50)
Changes in advance payments related to purchase of PP&E, intangibles and investment properties	(24)	82



	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021
<b>Changes in short-term liabilities except financial liabilities result from:</b>	<b>15 515</b>	<b>(7 824)</b>
Balance of changes in short-term liabilities	31 650	64 531
Current income tax adjustments	(7 143)	(66 008)
Changes in financial liabilities	(7 525)	(5 055)
Adjustments for changes in liabilities due to purchase of PP&E	10	(17)
Adjustments for changes in liabilities due to purchase of intangibles	(201)	(69)
Adjustment for liabilities related to purchase of investment properties	(1 276)	(1 206)
<b>Changes in other assets and liabilities result from:</b>	<b>(17 064)</b>	<b>(3 968)</b>
Balance of changes in prepaid expenses	(8 053)	2 372
Balance of changes in deferred revenues	(8 951)	(6 284)
Adjustment for prepaid expenses booked on the other side as liabilities	(60)	(60)
Adjustment for depreciation aggregated with deferrals	-	4
<b>Other adjustments include:</b>	<b>1 817</b>	<b>9 370</b>
Cost of incentive program	1 148	9 395
Estimation of derivative financial instruments	(378)	(726)
Depreciation aggregated with cost of products, services, goods and materials sold, consortium settlements and other operating expenses	806	601
Exchange rate differences	72	100
Miscellaneous adjustments	169	-

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

	01.01.2022	Cash flows	Non-cash changes				31.03.2022
			Acquisition of PP&E under lease agreements	Exchange rate differences	Accrued interest	Assignment of own shares	
Lease liabilities	16 655	(984)	3 962	2	135	-	19 770
<b>Total</b>	<b>16 655</b>	<b>(984)</b>	<b>3 962</b>	<b>2</b>	<b>135</b>	<b>-</b>	<b>19 770</b>

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

## Note 31. Events following the balance sheet date

In [Current Report no. 10/2022](#) of 13 April 2022 the Management Board of the Company announced that it had updated its release plan concerning The Witcher 3: Wild Hunt for next-gen consoles. Based upon recommendations submitted by persons in charge of development, the Management Board decided that further development of the next-gen version of The Witcher 3: Wild Hunt would be handled by an internal team, and decided to postpone the game's release, previously scheduled for the second quarter of 2022.

In [Current Report no. 16/2022](#) of 19 May 2022 the Management Board of CD PROJEKT S.A. announced that, based on recommendations from persons in charge of production, the release of The Witcher 3: Wild Hunt for next-gen consoles is scheduled for the fourth quarter of 2022.

On 9 May 2022 the Extraordinary General Meeting of CD PROJEKT RED STORE sp. z o.o. voted to increase the company's share capital by issuing 380 new shares with a nominal value of 50 PLN each. All of these shares were taken up by CD PROJEKT S.A. – the company's sole shareholder. The newly issued shares were fully paid up in cash, in the amount of 1 900 PLN, with the surplus over the shares' nominal value transferred to the company's reserve capital. The reported increase in share capital was entered in the register of entrepreneurs of the National Court Registry on 18 May 2022. This increase in share capital enabled the company to repay the loan previously granted to it by CD PROJEKT S.A.

On 9 May 2022, as a result of decisions undertaken by the Board of Directors of CD PROJEKT Inc. and the Management Board of CD PROJEKT S.A. – the company's sole shareholder – the share capital of CD PROJEKT Inc. was increased from 3 050 thousand USD to 3 500 thousand USD, i.e. by 450 thousand USD, by way of increasing the nominal value of each of the 10 000 outstanding shares of CD PROJEKT Inc. by 45 USD. The increased value of these shares was fully paid up in cash by CD PROJEKT S.A., for a total of 450 thousand USD. This increase in share capital enabled the company to repay the loan previously granted to it by CD PROJEKT S.A.

On 24 May 2022 the Extraordinary General Meeting of Spokko sp. z o.o. voted to increase the company's share capital by issuing 589 new shares with a nominal value of 50.00 PLN each. 584 of these newly issued shares are being taken up by CD PROJEKT S.A. in exchange for a cash payment in the amount of 26 010 thousand PLN, with the surplus over the nominal value of these shares transferred to the company's reserve capital. Furthermore, 5 newly issued shares are being taken up under analogous conditions, i.e. in exchange for a cash payment in the amount of 223 thousand PLN, by one of the company's existing shareholders – Mr. Maciej Weiss. The increase in the company's share capital will become effective on the day it is registered in the registry of entrepreneurs. As a result of these transactions, CD PROJEKT S.A.'s share in voting rights and share capital of Spokko sp. z o.o. will increase from 74.0% to 87.6%. This increase in share capital will enable the company to repay the loan previously granted to it by CD PROJEKT S.A.

On 25 May 2022 the Management Board of CD PROJEKT S.A. adopted a resolution concerning submission to the Ordinary General Meeting of the Company of a recommendation concerning allocation of the Company's net profit for 2021. The Management Board recommends that 100 739 thousand PLN be allocated to a dividend of 1 PLN per share, and that the remaining portion of the unallocated profit, at 135 195 thousand PLN, be allocated to the Company's reserve capital. The Board also clarified that, in line with information disclosed by the Company in its periodic reports throughout 2021, the Company's allocable net profit for 2021, reported as 240 113 thousand PLN, had been adjusted by deducting the negative retained earnings for the 2020 financial year, at 4 179 thousand PLN (resulting from adjustment of the calculation of the Company's deferred tax assets for 31 December 2020), yielding a figure of 235 934 thousand PLN, which represents the aggregate allocable net earnings for the 2021 financial year. In conjunction with the above, the Management Board recommended that (i) the dividend record date be set to 5 July 2022, and (ii) the dividend payment date be set to 12 July 2022. This recommendation was submitted to the Supervisory Board for endorsement. The final decision regarding allocation of profit and payment of a dividend rests with the Ordinary General Meeting.



CD PROJEKT

## Supplementary information

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# 5

## Legal proceedings

No significant court, arbitration or administrative proceedings involving the parent Company or its subsidiaries were initiated during the reporting period.

With regard to other ongoing legal proceedings disclosed in [the Management Board report on CD PROJEKT Group activities in 2021](#), no significant changes occurred.

## Shareholding structure

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

The share capital of the parent Company amounts to 100 738 800 PLN and is divided into 100 738 800 shares with a nominal value of 1 PLN each. The shareholding structure, including the percentage share of the overall share capital and votes controlled at the General Meeting of the parent Company is determined on the basis of formal notifications filed with the parent Company by shareholders who control at least 5% of the total number of votes at the General Meeting.

	Qty. of shares	% share in share capital	Qty. of votes at the GM	% share in total number of votes at the GM
Marcin Iwiński	12 873 520	12.78%	12 873 520	12.78%
Michał Kiciński	10 433 719	10.36%	10 433 719	10.36%
Piotr Nielubowicz	6 858 717	6.81%	6 858 717	6.81%
The Goldman Sachs Group, Inc.	1 583 898*	1.57%	6 345 034*	6.30%
other shareholders	68 988 946	68.48%	64 227 810	63.76%

\* According to [Current Report no. 15/2022](#) of 11 May 2022 the total percentage share of votes controlled by The Goldman Sachs Group on 6 May 2022 on the basis of shares (1.57%) and other financial instruments (4.73%) was 6.30%.

According to the relevant notification received by the Company, The Goldman Sachs Group, Inc. indirectly controls 1 583 898 votes from shares, 1 945 322 votes which may be gained as a result of exercise or conversion of financial instruments comprising securities on loan, and 2 815 814 votes from other types of financial instruments.

### Changes in shareholding structure of the parent entity

According to notifications received by the parent Company, the only changes in the shareholding structure with regard to shareholders who control at least 5% of the total number of votes at General Meetings of the parent Company which have occurred throughout the reporting period and by the publication date of this financial statement involved the percentage share of votes controlled by The Goldman Sachs Group, Inc. The above section presents the most recent data available to the parent Company in this regard.

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

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

Name	Position	As of 01.01.2022	As of 31.03.2022	As of 26.05.2022
Adam Kiciński	President of the Board	4 046 001	4 046 001	4 046 001
Marcin Iwiński	Vice President of the Board	12 873 520	12 873 520	12 873 520
Piotr Nielubowicz	Vice President of the Board	6 858 717	6 858 717	6 858 717
Adam Badowski	Board Member	692 640	692 640	692 640
Michał Nowakowski	Board Member	580 290	580 290	580 290
Piotr Karwowski	Board Member	108 728	108 728	108 728
Paweł Zawodny	Board Member	n/a	18 508	18 508
Katarzyna Szwarc	Chairwoman of the Supervisory Board	10	10	10
Maciej Nielubowicz	Supervisory Board Member	51	51	51

\* According to declarations and notifications filed with the Company.

## Validation of published projections

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



CD PROJEKT

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

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# 6



## Condensed interim separate profit and loss account

	Note	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021
<b>Sales revenues</b>		<b>177 820</b>	<b>146 298</b>
Revenues from sales of products		172 413	142 067
Revenues from sales of services		669	342
Revenues from sales of goods and materials		4 738	3 889
<b>Cost of products, services, goods and materials sold</b>		<b>21 118</b>	<b>25 804</b>
Cost of products and services sold		18 280	22 169
Cost of goods and materials sold		2 838	3 635
<b>Gross profit (loss) from sales</b>		<b>156 702</b>	<b>120 494</b>
Selling costs		50 735	48 167
General and administrative costs		16 878	26 893
Other operating revenues		2 825	2 149
Other operating expenses		5 711	2 098
(Impairment)/reversal of impairment of financial instruments		(2)	(6)
<b>Operating profit (loss)</b>		<b>86 201</b>	<b>45 479</b>
Financial revenues		14 602	7 491
Financial expenses		8 190	13 146
<b>Profit (loss) before tax</b>		<b>92 613</b>	<b>39 824</b>
Income tax	A	23 098	4 896
<b>Net profit (loss)</b>		<b>69 515</b>	<b>34 928</b>
<b>Net earnings per share (in PLN)</b>			
Basic for the reporting period		0.69	0.35
Diluted for the reporting period		0.69	0.35



## Condensed interim separate statement of comprehensive income

	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021
<b>Net profit/(loss)</b>	<b>69 515</b>	<b>34 928</b>
<b>Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria</b>	<b>(4 930)</b>	<b>184</b>
Estimation of financial instruments at fair value through other comprehensive income, adjusted for tax effects	(4 930)	184
<b>Other comprehensive income which will not be entered as profit (loss)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>64 585</b>	<b>35 112</b>

## Condensed interim separate statement of financial position

	Note	31.03.2022	31.12.2021*	31.03.2021*
<b>FIXED ASSETS</b>		<b>920 571</b>	<b>887 663</b>	<b>883 475</b>
Property, plant and equipment		109 055	103 986	108 816
Intangibles		68 952	59 086	59 548
Expenditures on development projects		365 011	347 822	368 454
Investment properties		56 630	57 082	45 248
Goodwill	C	49 168	49 168	49 168
Shares in subsidiaries excluded from consolidation		43 531	43 447	25 334
Deferrals		5 346	4 741	5 258
Other financial assets	G	176 456	178 540	150 850
Deferred income tax assets	A	46 044	43 418	70 765
Other receivables	F,G	378	373	34
<b>WORKING ASSETS</b>		<b>1 235 567</b>	<b>1 173 501</b>	<b>1 891 289</b>
Inventories		11 263	13 539	13 411
Trade receivables	F,G	69 546	123 821	51 381
Other receivables	F	110 021	113 163	115 659
Deferrals		5 256	4 015	4 160
Other financial assets	G	262 507	308 168	220 779
Bank deposits (maturity beyond 3 months)	G	85 390	265 000	73
Cash and cash equivalents	G	691 584	345 795	1 485 826
<b>TOTAL ASSETS</b>		<b>2 156 138</b>	<b>2 061 164</b>	<b>2 774 764</b>

\* adjusted



	Note	31.03.2022	31.12.2021	31.03.2021
<b>EQUITY</b>		<b>1 934 781</b>	<b>1 869 049</b>	<b>2 173 861</b>
Share capital	21*	100 739	100 739	100 739
Supplementary capital		1 366 952	1 366 952	738 411
Supplementary capital from sale of shares above nominal value		115 909	115 909	115 909
Other reserve capital		45 732	49 515	55 818
Retained earnings		235 934	(4 179)	1 128 056
Net profit (loss) for the reporting period		69 515	240 113	34 928
<b>LONG-TERM LIABILITIES</b>		<b>31 526</b>	<b>29 756</b>	<b>18 894</b>
Other financial liabilities	G	17 039	14 757	14 488
Other liabilities		2 800	2 860	3 113
Deferred revenues		5 951	6 403	916
Provisions for employee benefits and similar liabilities		368	368	377
Other provisions	B	5 368	5 368	-
<b>SHORT-TERM LIABILITIES</b>		<b>189 831</b>	<b>162 359</b>	<b>582 009</b>
Other financial liabilities	G	26 073	18 620	7 060
Trade liabilities	G	33 302	16 028	98 297
Current income tax liabilities		31 589	24 445	67 450
Other liabilities		4 837	4 059	3 076
Deferred revenues		13 572	23 042	35 463
Provisions for employee benefits and similar liabilities		5	5	3
Other provisions	B	80 453	76 160	370 660
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 156 138</b>	<b>2 061 164</b>	<b>2 774 764</b>

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

## Condensed interim statement of changes in separate equity

	Share capital	Supplementary capital	Supplementary capital from sale of shares above nominal value	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
<b>01.01.2022 – 31.03.2022</b>							
<b>Equity as of 01.01.2022</b>	<b>100 739</b>	<b>1 366 952</b>	<b>115 909</b>	<b>49 515</b>	<b>235 934</b>	<b>-</b>	<b>1 869 049</b>
Cost of incentive program	-	-	-	1 147	-	-	1 147
Total comprehensive income	-	-	-	(4 930)	-	69 515	64 585
<b>Equity as of 31.03.2022</b>	<b>100 739</b>	<b>1 366 952</b>	<b>115 909</b>	<b>45 732</b>	<b>235 934</b>	<b>69 515</b>	<b>1 934 781</b>

	Share capital	Supplementary capital	Supplementary capital from sale of shares above nominal value	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
<b>01.01.2021 – 31.12.2021</b>							
<b>Equity as of 01.01.2021</b>	<b>100 655</b>	<b>737 542</b>	<b>113 844</b>	<b>47 068</b>	<b>1 132 235</b>	<b>-</b>	<b>2 131 344</b>
Rectification of errors	-	-	-	-	(4 179)	-	(4 179)
<b>Adjusted equity</b>	<b>100 655</b>	<b>737 542</b>	<b>113 844</b>	<b>47 068</b>	<b>1 128 056</b>	<b>-</b>	<b>2 127 165</b>
Cost of incentive program	-	-	-	(1 025)	-	-	(1 025)
Payment in own shares	84	869	2 065	(869)	-	-	2 149
Dividend payment	-	-	-	-	(503 694)	-	(503 694)
Allocation of net profit/coverage of losses	-	628 541	-	-	(628 541)	-	-
Total comprehensive income	-	-	-	4 341	-	240 113	244 454
<b>Equity as of 31.12.2021</b>	<b>100 739</b>	<b>1 366 952</b>	<b>115 909</b>	<b>49 515</b>	<b>(4 179)</b>	<b>240 113</b>	<b>1 869 049</b>

The Company has rectified its calculation of deferred tax assets for 31 December 2020, reclassifying some of the negative temporary differences from the 19% tax rate category to the 5% tax rate category. This resulted in a decrease in Equity by 4 179 thousand PLN.

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

The Company has rectified its calculation of deferred tax assets for 31 December 2020 by reassigning some negative temporary differences from the 19% tax rate category to the 5% tax rate category. This resulted in a decrease in Equity by 4 179 thousand PLN.

## Condensed interim separate statement of cash flows

	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021*
<b>OPERATING ACTIVITIES</b>		
<b>Net profit (loss)</b>	<b>69 515</b>	<b>34 928</b>
<b>Total adjustments:</b>	<b>61 277</b>	<b>1 100 221</b>
Depreciation of PP&E, intangibles, expenditures on development projects and investment properties	2 987	3 401
Depreciation of expenditures on development projects recognized as cost of products and services sold	17 941	21 883
Profit (loss) from exchange rate differences	(1 362)	(9 046)
Interest and profit sharing	(7 288)	(1)
Profit (loss) from investment activities	(430)	12 203
Change in provisions	(3 257)	(80 487)
Change in inventories	2 276	(9 584)
Change in receivables	43 683	1 137 766
Change in liabilities excluding credits and loans	16 586	22 122
Change in other assets and liabilities	(11 829)	(7 394)
Other adjustments	1 970	9 358
<b>Cash flows from operating activities</b>	<b>130 792</b>	<b>1 135 149</b>
Income tax on pre-tax profit (loss)	7 426	4 894
Withholding tax paid abroad	15 672	3
Income tax (paid)/reimbursed	(2 908)	1 737
<b>Net cash flows from operating activities</b>	<b>150 982</b>	<b>1 141 783</b>
<b>INVESTMENT ACTIVITIES</b>		
<b>Inflows</b>	<b>325 775</b>	<b>198 457</b>
Repayment of loans granted	94	919
Closing bank deposits (maturity beyond 3 months)	265 000	164 368
Maturation of bonds	58 132	33 097
Interest on bonds	291	-
Interest on bank deposits	2 206	40
Other inflows from investment activities	52	33
<b>Outflows</b>	<b>130 226</b>	<b>278 998</b>
Purchases of intangibles and PP&E	14 859	6 833
Expenditures on development projects	27 697	29 069
Purchase of investment properties and activation of costs	89	41
Loans granted	2 100	1 540
Purchase of bonds and the associated purchase fees	91	241 442
Opening bank deposits (maturity beyond 3 months)	85 390	73
<b>Net cash flows from investment activities</b>	<b>195 549</b>	<b>(80 541)</b>

\* adjusted

	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021*
<b>FINANCIAL ACTIVITIES</b>		
<b>Inflows</b>	<b>10</b>	<b>2 159</b>
Net inflows from sale and issue of shares in the exercise of rights assigned under the incentive program	-	2 149
Collection of receivables arising from financial lease agreements	10	10
<b>Outflows</b>	<b>752</b>	<b>489</b>
Payment of liabilities arising from lease agreements	629	466
Interest payments	123	23
<b>Net cash flows from financial activities</b>	<b>(742)</b>	<b>1 670</b>
<b>Total net cash flows</b>	<b>345 789</b>	<b>1 062 912</b>
<b>Balance of changes in cash and cash equivalents</b>	<b>345 789</b>	<b>1 062 912</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>345 795</b>	<b>422 914</b>
<b>Cash and cash equivalents at end of period</b>	<b>691 584</b>	<b>1 485 826</b>

\* adjusted

### Clarifications regarding the separate statement of cash flows

	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021
<b>The “other adjustments” line item comprises:</b>	<b>1 970</b>	<b>9 358</b>
Cost of incentive program	1 064	8 668
Depreciation aggregated with selling costs, consortium settlements and other operating expenses	906	690

## Comparability of financial statements and changes in accounting policies

The accounting practices applied in preparing this condensed interim separate financial statement, the Management Board’s professional judgment concerning the Company’s accounting practices as well as the main sources of uncertainty in estimations are in all material aspects consistent with the practices applied in preparing the Separate Financial Statement of CD PROJEKT S.A. for 2021, except for changes in practices and presentation-related adjustments described below. This condensed interim separate financial statement should be read in conjunction with the Company’s separate financial statement for the year ending 31 December 2021.

### Changes in accounting policies

Changes in accounting practices applicable to the Company are in all matters analogous to those described in the section titled “Assumption of comparability of financial statements and changes in accounting policies” of the consolidated financial statement for the period between 1 January and 31 March 2022.

## Presentation adjustments

This condensed interim separate financial statement for the period between 1 January and 31 March 2022 includes changes in the presentation of certain financial data. In order to ensure comparability of financial data, adjustments were also introduced with respect to reference data for 31 March 2021 and 31 December 2021. The following adjustments were made:

- In the statement of cash flows for the period between 1 January and 31 March 2021 the presentation of interest from bank deposits was adjusted as follows:
  - Other inflows from investment activities – adjusted by (40) thousand PLN
  - Interest from bank deposits – adjusted by 40 thousand PLN
- In the statement of financial position for 31 December 2021 and 31 March 2021 the presentation of some of the land holdings belonging to the Company was adjusted as follows:
  - Property, plant and equipment – adjusted by 4 354 thousand PLN
  - Investment properties – adjusted by (4 354) thousand PLN

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

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

### A. Deferred income tax

#### Negative temporary differences requiring recognition of deferred tax assets

	31.12.2021	Differences affecting deferred tax aggregated with financial result	31.03.2022
Provisions for other employee benefits	372	-	372
Provisions for compensation dependent on financial result, and other compensation	39 400	10 255	49 655
Negative exchange rate differences	2 286	10 341	12 627
Difference between balance sheet value and tax value of expenditures on development projects	24 792	9	24 801
Compensation and social security payable in future reporting periods	61	11	72
Other provisions	47 501	(19 441)	28 060
R&D tax relief	301 954	-	301 954
Advance payments recognized as taxable income	1 469	348	1 817
<b>Total negative temporary differences</b>	<b>417 835</b>	<b>1 523</b>	<b>419 358</b>
subject to 5% tax rate	60 417	3 877	64 294
subject to 19% tax rate	357 418	(2 354)	355 064
<b>Deferred tax assets</b>	<b>70 931</b>	<b>(253)</b>	<b>70 678</b>

#### Positive temporary differences requiring creation of deferred tax liabilities

	31.12.2021	Differences affecting deferred tax aggregated with financial result	31.03.2022
Difference between net balance sheet value and net tax value of PP&E and intangibles	14 129	(133)	13 996
Revenues obtained in the current period but invoiced in future periods	128 789	(62 528)	66 261
Positive exchange rate differences	14 786	9 532	24 318
Difference between balance sheet value and tax value of expenditures on development projects	271 672	(9 504)	262 168
Other sources	91	209	300
<b>Total positive temporary differences</b>	<b>429 467</b>	<b>(62 424)</b>	<b>367 043</b>
subject to 5% tax rate	386 323	(64 150)	322 173
subject to 19% tax rate	43 144	1 726	44 870
<b>Deferred tax liabilities</b>	<b>27 513</b>	<b>(2 879)</b>	<b>24 634</b>

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

### Net balance of deferred tax assets/liabilities

	31.03.2022	31.12.2021	31.03.2021
Deferred tax assets	70 678	70 931	92 853
Deferred tax liabilities	24 634	27 513	22 088
<b>Net deferred tax – assets/(liabilities)</b>	<b>46 044</b>	<b>43 418</b>	<b>70 765</b>

### Income tax reported in profit and loss account

	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021
Current income tax, including:	25 724	64 418
withholding tax paid abroad	15 672	3
Change in deferred income tax	(2 626)	(59 522)
<b>Income tax reported in profit and loss account</b>	<b>23 098</b>	<b>4 896</b>

## B. Other provisions

	31.03.2022	31.12.2021	31.03.2021
<b>Provisions for returns</b>	-	-	<b>130 508</b>
<b>Provisions for liabilities, including:</b>	<b>85 821</b>	<b>81 528</b>	<b>240 152</b>
provisions for audits and reviews of financial statements	130	102	13
provisions for compensation dependent on financial result, and other compensation	58 094	44 714	229 533
provisions for other expenses	27 597	36 712	10 606
<b>Total, including:</b>	<b>85 821</b>	<b>81 528</b>	<b>370 660</b>
short-term provisions	80 453	76 160	370 660
long-term provisions	5 368	5 368	-

### Changes in other provisions

	Provisions for compensation dependent on financial result, and other compensation	Other provisions	Total
<b>As of 01.01.2022</b>	<b>44 714</b>	<b>36 814</b>	<b>81 528</b>
Provisions created during financial year	13 380	13 399	26 779
Provisions consumed	-	22 414	22 414
Provisions dissolved	-	72	72
<b>As of 31.03.2022, including:</b>	<b>58 094</b>	<b>27 727</b>	<b>85 821</b>
short-term provisions	58 094	22 359	80 453
long-term provisions	-	5 368	5 368

## C. Goodwill

### Goodwill acquired in business combinations and acquisition of enterprises

	31.03.2022	31.12.2021	31.03.2021
CD Projekt Red sp. z o.o.	39 147	39 147	39 147
Strange New Things (enterprise)	10 021	10 021	10 021
<b>Total</b>	<b>49 168</b>	<b>49 168</b>	<b>49 168</b>

### Changes in goodwill

No changes in goodwill occurred between 1 January and 31 March 2022.

## D. Business combinations

The Company did not merge with any other entity between 1 January and 31 March 2022.

## E. Dividends paid out (or declared) and collected

The Company did not collect or pay out any dividends between 1 January and 31 March 2022.

On 25 May 2022 the Management Board of CD PROJEKT S.A. recommended to Annual General Meeting the amount of 100 739 thousand PLN to be divided among the shareholders in the form of the dividend in the amount of 1 PLN per one share.

## F. Trade and other receivables

	31.03.2022	31.12.2021	31.03.2021
<b>Gross trade and other receivables</b>	<b>180 758</b>	<b>238 168</b>	<b>167 938</b>
<b>Impairment allowances</b>	<b>813</b>	<b>811</b>	<b>864</b>
<b>Trade and other receivables</b>	<b>179 945</b>	<b>237 357</b>	<b>167 074</b>
from affiliates	4 953	5 179	3 882
from external entities	174 992	232 178	163 192

### Changes in impairment allowances on receivables

	Trade receivables	Other receivables	Total
<b>OTHER ENTITIES</b>			
<b>Impairment allowances as of 01.01.2022</b>	<b>79</b>	<b>732</b>	<b>811</b>
<b>Increases, including:</b>	<b>2</b>	<b>-</b>	<b>2</b>
creation of allowances on past-due and contested receivables	2	-	2
<b>Reductions</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Impairment allowances as of 31.03.2022</b>	<b>81</b>	<b>732</b>	<b>813</b>

## Current and overdue trade receivables as of 31.03.2022

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
AFFILIATES							
gross receivables	4 939	3 429	456	-	1 054	-	-
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	4 939	3 429	456	-	1 054	-	-

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	64 688	64 332	231	2	-	-	123
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	81	-	-	-	-	-	81
total expected credit loss	81	-	-	-	-	-	81
Net receivables	64 607	64 332	231	2	-	-	42

<b>Total</b>							
gross receivables	69 627	67 761	687	2	1 054	-	123
impairment allowances	81	-	-	-	-	-	81
<b>Net receivables</b>	<b>69 546</b>	<b>67 761</b>	<b>687</b>	<b>2</b>	<b>1 054</b>	<b>-</b>	<b>42</b>

## Other receivables

	31.03.2022	31.12.2021	31.03.2021
<b>Other gross receivables, including:</b>	<b>111 131</b>	<b>114 268</b>	<b>116 425</b>
tax returns except corporate income tax	67 633	75 562	80 478
advance payments associated with expenditures on development projects	32 480	30 435	24 303
advance payments for supplies	9 545	5 076	9 072
deposits	649	650	297
employee settlements	28	3	13
advance payments for PP&E and intangibles	10	34	120
settlements with management board members	8	7	8
consortium settlements	-	1 659	1 329
advance payments for investment properties	-	79	60
other	46	31	13
<b>Impairment allowances</b>	<b>732</b>	<b>732</b>	<b>732</b>
<b>Other receivables, including:</b>	<b>110 399</b>	<b>113 536</b>	<b>115 693</b>
short-term receivables	110 021	113 163	115 659
long-term receivables	378	373	34

## G. Disclosure of financial instruments

### Fair value of financial instruments per class

The Management Board of the Company has assessed each class of financial instruments held by the Company and reached the conclusion that their carrying amount does not significantly differ from their corresponding fair value as of 31 March 2022, 31 December 2021 and 31 March 2021 respectively.

	31.03.2022	31.12.2021*	31.03.2021
<b>LEVEL 1</b>			
<b>Assets estimated at fair value</b>			
<b>Financial assets estimated at fair value through other comprehensive income</b>	<b>177 736</b>	<b>228 661</b>	<b>213 219</b>
foreign government bonds – CHF	-	-	16 644
foreign government bonds – EUR	24 731	24 517	25 311
foreign government bonds – USD	153 005	204 144	171 264
<b>LEVEL 2</b>			
<b>Liabilities estimated at fair value through financial result</b>			
<b>Derivative instruments:</b>	<b>24 303</b>	<b>17 906</b>	<b>4 980</b>
forward currency contracts – CHF	-	-	(1 758)
forward currency contracts – EUR	598	455	624
forward currency contracts – USD	23 705	17 451	6 114

\* adjusted

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

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

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

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

## Financial assets – classification and estimation

	31.03.2022	31.12.2021	31.03.2021
<b>Financial assets estimated at amortized cost</b>	<b>1 108 125</b>	<b>993 036</b>	<b>1 695 723</b>
Other long-term receivables	378	373	34
Trade receivables	69 546	123 821	51 381
Cash and cash equivalents	691 584	345 795	1 485 826
Bank deposits (maturity beyond 3 months)	85 390	265 000	73
State Treasury bonds and bonds guaranteed by the State Treasury	249 871	248 755	150 554
Loans granted	11 356	9 292	7 855
<b>Financial assets estimated at fair value through other comprehensive income</b>	<b>177 736</b>	<b>228 661</b>	<b>213 219</b>
Foreign government bonds	177 736	228 661	213 219
<b>Total financial assets</b>	<b>1 285 861</b>	<b>1 221 697</b>	<b>1 908 942</b>

## Financial liabilities – classification and estimation

	31.03.2022	31.12.2021*	31.03.2021
<b>Financial liabilities held at amortized cost</b>	<b>52 111</b>	<b>31 499</b>	<b>114 865</b>
Trade liabilities	33 302	16 028	98 297
Other financial liabilities	18 809	15 471	16 568
<b>Financial liabilities held at fair value through financial result</b>	<b>24 303</b>	<b>17 906</b>	<b>4 980</b>
Derivative financial instruments	24 303	17 906	4 980
<b>Total financial liabilities</b>	<b>76 414</b>	<b>49 405</b>	<b>119 845</b>

\* adjusted

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 is to hold to maturity and collect the associated contractual cash flows;
- The investment mandates covering the foreign bond portfolio also permit sale of bonds prior to the expiration of their respective redemption periods in the framework of the adopted portfolio management 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.

## H. Transactions with affiliates

	Sales to affiliates		Purchases from affiliates	
	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021	01.01.2022 – 31.03.2022	01.01.2021 – 31.03.2021
<b>SUBSIDIARIES</b>				
GOG sp. z o.o.	3 647	4 647	690	133
CD PROJEKT Inc.	63	117	3 072	1 482
CD PROJEKT Co., Ltd. (undergoing liquidation)	-	-	-	939
Spokko sp. z o.o.	343	141	-	-
CD PROJEKT RED STORE sp. z o.o.	339	312	9	74
CD PROJEKT RED Vancouver Studio Ltd.	22	-	3 226	-
The Molasses Flood LLC	-	-	3 962	-
<b>MANAGEMENT BOARD MEMBERS</b>				
Marcin Iwiński	1	10	-	-
Adam Kiciński	-	1	-	-
Piotr Nielubowicz	-	2	-	-
Michał Nowakowski	1	6	-	-
Adam Badowski	6	-	-	-
Paweł Zawodny	1	-	-	-
Jeremiah Cohn	1	-	-	-

	Receivables from affiliates			Liabilities due to affiliates		
	31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.12.2021	31.03.2021
<b>SUBSIDIARIES</b>						
GOG sp. z o.o.	2 731	3 411	2 998	740	232	336
CD PROJEKT Inc.	486	511	1 121	984	948	542
CD PROJEKT Co., Ltd. (undergoing liquidation)	-	-	-	-	-	311
Spokko sp. z o.o.	10 713	9 113	6 185	-	-	-
CD PROJEKT RED STORE sp. z o.o.	1 295	421	1 425	2	158	64
CD PROJEKT RED Vancouver Studio Ltd.	1 076	1 008	-	874	164	-
The Molasses Flood LLC	-	-	-	1 792	1 018	-
<b>MANAGEMENT BOARD MEMBERS</b>						
Marcin Iwiński	-	-	5	-	20	1
Adam Kiciński	-	-	-	-	5	-
Michał Nowakowski	2	-	3	-	7	1
Adam Badowski	6	7	-	-	5	-
Paweł Zawodny	-	-	-	7	-	-

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## Statement of the Management Board of the parent entity

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

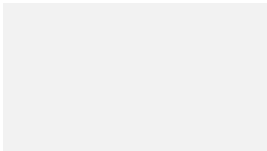
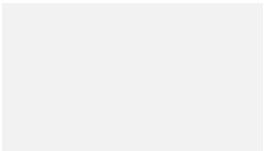
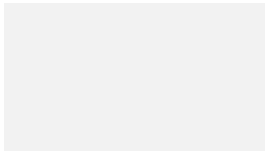
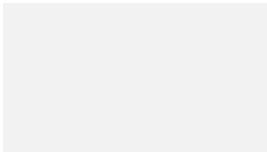
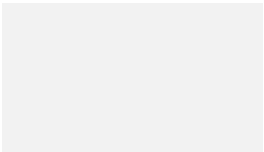
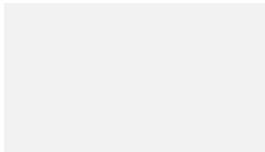
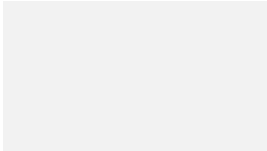
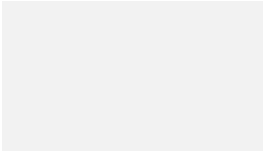
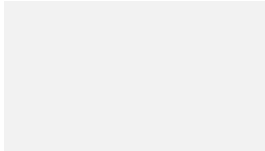
Pursuant to the directive of the Finance Minister of 29 March 2018 regarding the publication of periodic and current reports by issuers of securities and the conditions for regarding as equivalent the information required under the laws of a non-member state, the Management Board of the parent entity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

This condensed interim consolidated financial statement conforms to International Financial Reporting Standards (IFRS) approved by the European Union and in force as of 1 January 2022. Where the above mentioned standards are not applicable the statement conforms to the Accounting Act of 29 September 1994 and to any secondary legislation based on said Act, as well as to the directive of the Finance Minister of 29 March 2018 regarding the publication of periodic and current reports by issuers of securities and the conditions for regarding as equivalent the information required under the laws of a non-member state.

## Approval of financial statement

This financial statement covering the period between 1 January and 31 March 2022 was signed and approved for publication by the Management Board of CD PROJEKT S.A. on 26 May 2022.

Warsaw, 26 May 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



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