



**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENT OF THE CD PROJEKT  
GROUP FOR THE PERIOD BETWEEN  
1 JULY AND 30 SEPTEMBER 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 data translated into EUR

	PLN		EUR	
	01.01.2022 – 30.09.2022	01.01.2021 – 30.09.2021	01.01.2022 – 30.09.2022	01.01.2021 – 30.09.2021
Net sales of products, services, goods for resale and materials	623 507	615 109	133 001	134 937
Cost of sales of products, services, goods for resale and materials	180 561	215 123	38 516	47 192
Operating profit/(loss)	234 565	138 250	50 035	30 328
Profit/(loss) before tax	265 641	132 267	56 664	29 015
Net profit/(loss) attributable to owners of CD PROJEKT S.A.	212 462	121 390	45 320	26 629
Net cash from operating activities	212 084	966 291	45 240	211 976
Net cash from investing activities	(321 193)	(334 339)	(68 514)	(73 344)
Net cash from financing activities	(103 788)	(504 606)	(22 139)	(110 696)
Net increase/(decrease) in cash and cash equivalents	(212 897)	127 346	(45 413)	27 936
Number of shares (in thousands)	100 739	100 711	100 739	100 711
Net earnings/(loss) per share (in PLN)	2.11	1.21	0.45	0.26
Diluted earnings/(loss) per share (in PLN/EUR)	2.11	1.20	0.45	0.26
Book value per share (in PLN/EUR)	19.84	18.21	4.07	3.93
Diluted book value per share (in PLN/EUR)	19.83	18.20	4.07	3.93
Dividend declared or paid per share (in PLN/EUR)	1.00	5.00	0.21	1.10

	PLN		EUR	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
Total assets	2 230 805	2 158 735	458 090	469 351
Liabilities and provisions for liabilities (excluding accruals)	207 515	226 407	42 613	49 225
Non-current liabilities	35 584	36 112	7 307	7 851
Current liabilities	196 698	228 267	40 391	49 630
Equity	1 998 523	1 894 356	410 391	411 870
Share capital	100 739	100 739	20 686	21 903

The financial data presented above was translated into EUR as follows:

- Items of the consolidated income statement and the consolidated cash flow statement were translated at exchange rates calculated as an arithmetic mean of the mid exchange rates announced by the National Bank of Poland for the euro applicable as at the last day of each month in a given reporting period. These rates were, respectively, as follows: from 1 January to 30 September 2022: 4.688 PLN/EUR and from 1 January to 30 September 2021: 4.5585 PLN/EUR.
- Items of assets, liabilities and equity in the consolidated statement of financial position were translated at exchange rates announced by the National Bank of Poland for the euro applicable on the last day of the reporting period. These rates were, respectively, as follows: 4.8698 PLN/EUR as at 30 September 2022 and 4.5994 PLN/EUR as at 31 December 2021.

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CD PROJEKT

## Key financial data of the CD PROJEKT Group

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# 1

## Interim condensed consolidated income statement

	Note	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
<b>Sales revenue</b>		<b>245 514</b>	<b>623 507</b>	<b>144 463</b>	<b>615 109</b>
Sales of products	16	203 189	489 057	104 262	471 248
Sales of services	16	308	1 622	420	4 132
Sales of goods for resale and materials	16	42 017	132 828	39 781	139 729
<b>Cost of sales of products, services, goods for resale and materials</b>		<b>79 200</b>	<b>180 561</b>	<b>52 927</b>	<b>215 123</b>
Costs of products and services sold	17	48 602	85 640	23 217	111 126
Cost of goods for resale and materials sold	17	30 598	94 921	29 710	103 997
<b>Gross profit/(loss) on sales</b>		<b>166 314</b>	<b>442 946</b>	<b>91 536</b>	<b>399 986</b>
Selling expenses	17	54 379	155 720	55 322	186 505
Administrative expenses	17	17 867	53 156	23 231	77 418
Other operating income	18	9 819	15 204	4 915	8 768
Other operating expenses	18	6 783	14 692	2 261	6 575
(Impairment)/reversal of impairment of financial instruments		(9)	(17)	(5)	(6)
<b>Operating profit/(loss)</b>		<b>97 095</b>	<b>234 565</b>	<b>15 632</b>	<b>138 250</b>
Finance income	19	33 219	68 589	9 984	12 387
Finance costs	19	18 276	37 513	9 216	18 370
<b>Profit/(loss) before tax</b>		<b>112 038</b>	<b>265 641</b>	<b>16 400</b>	<b>132 267</b>
Income tax expense	10	13 334	53 179	58	10 877
<b>Net profit/(loss)</b>		<b>98 704</b>	<b>212 462</b>	<b>16 342</b>	<b>121 390</b>
Net profit/(loss) attributable to owners of CD PROJEKT S.A.		98 704	212 462	16 342	121 390
<b>Net earnings/(loss) per share (in PLN)</b>					
Basic for the reporting period		0.98	2.11	0.16	1.21
Diluted for the reporting period		0.98	2.11	0.16	1.20

A significant increase in the amount of the Group's **Sales** in the third quarter of 2022 in relation to the reference period was mainly due to a good reception of the Cyberpunk EDGERUNNERS update 1.6 which preceded the release on Netflix of the Cyberpunk: EDGERUNNERS anime series. The update included additional content for the game related to the series (side quests, locations, items, an arcade game) and a number of updates and technical improvements to the game. These events supported by a marketing and communication campaign contributed to an increase in the **Sales of products** in the CD PROJEKT RED segment, mainly resulting from:

- royalties in respect of the sales of the Cyberpunk 2077 game;
- recognition of income from licence fees in connection with the release of the CYBERPUNK: EDGERUNNERS series in September;
- royalties in respect of the sales of The Witcher 3: Wild Hunt game with the Hearts of Stone and Blood and Wine extensions;
- revenues generated by the Gwent: The Witcher Card Game project;
- income from licence fees associated with the games The Witcher 2: Assassins of Kings, The Witcher, Thronebreaker: The Witcher Tales, and income from licence fees on CD PROJEKT RED studio franchises.

In the reporting period, the Group also recognized an increase in the **Sales of goods for resale and materials**, which comprised mainly the revenues from the digital distribution of games from third party providers to end customers through the GOG.COM platform.

In the item **Cost of products and services sold** the Group mainly recognizes amortization of the expenditure on development work relating to the games developed by CD PROJEKT RED. Nevertheless, the amount of this cost item increased in relation to the reference period due to the fact that the total production costs of the CYBERPUNK: EDGERUNNERS series were recognized on a one-off basis in the reporting period with no amortization and depreciation costs relating to the GWENT game recognized in the comparative period.



In accordance with the Group's accounting policy, the expenditure on development projects which allow the reliable estimation of the sales volume and value is amortized by the Group in line with the expected consumption of economic benefits, which depends on the number of copies sold. Otherwise the Group amortizes the project value under the straight-line method.

The following principles were adopted for the games whose development cost amortization was recognized in the third quarter of 2022:

- a) 40% of the total expenditure on Cyberpunk 2077 was recognized in the quarter of its release (the fourth quarter of 2020), and the remaining 60% will be recognized over the next 5 years of the asset's use (3% per quarter);
- b) the expenditure on the update of Cyberpunk 2077 to new generation consoles Xbox Series X|S and PlayStation 5 is recognized on a straight-line basis from the period of its release up to the last period in which the expenditure on the base game is recognized;
- c) the expenditure on The Witcher 3: Wild Hunt for Nintendo Switch (released in October 2019) was charged to the income statement over three years from the end of development on the basis of the expected distribution of future revenues estimated based on the sales of historical products.

The **Cost of goods for resale and materials** sold mainly corresponds to the cost of sales of goods for resale on the GOG.COM platform, the cost of sales of physical game components of the CD PROJEKT RED segment and, to a lesser extent, the cost of sales of goods for resale to end customers through the CD PROJEKT RED GEAR shop.

In the third quarter of 2022, the **Selling expenses** comprised mainly the costs of publishing activities, ongoing advertising and promotion of the Company's own titles, including remuneration (both fixed and performance-based) of the internal publishing teams, the costs of performance-based remuneration of the companies' Management Boards, and other external services relating to the promotion of sales. The aforementioned costs are recognized in the CD PROJEKT RED segment.

Another significant group of selling expenses comprised the costs of servicing the published titles. The main items of such costs in the reporting period were the costs of servicing the game Cyberpunk 2077 and the costs of maintenance and development of GWENT: The Witcher Card Game. The servicing costs were reduced significantly in relation to the third quarter of 2021, mainly due to a decrease in the costs of preparing Cyberpunk 2077 updates.

This category also includes the costs of marketing activities relating to the GOG.COM portal (recognized in the GOG.COM segment), as well as the expenses on development and conducting sales through the portal.

In the item **Administrative expenses**, the CD PROJEKT Group companies recognize:

- a) fixed and performance-based remuneration of administrative teams and the costs of external services classified in this category, which show a consistent upward trend in line with the Group's development;
- b) the fixed part of the remuneration of the companies' Management Boards;
- c) the cost of valuation of the entitlements granted under the incentive plan for the years 2020-2025, which decreased in relation to the reference period due to a negative assessment of the possibility of achieving the performance goals in the period of the plan's duration and the change in the estimates introduced by the Management Board as at the end of 2021;
- d) the costs incurred on future games in the initial period (the research phase) before the beginning of project execution (the development phase) and capitalization as part of the Expenditure on development projects in Non-current assets, which are significantly lower than in the reference period due to the fact that the research phase was completed with respect to two projects and the development stage began.

In the reporting period, **Other operating income and expenses** comprised mainly income from rental of office space (and the related costs of maintenance) generated by the CD PROJEKT RED in the real estate complex at ul. Jagiellońska 74 and 76 in Warsaw, proceeds from the subsidies received, as well as income and expenses resulting from one-off events, including mainly the Promised Land 2022 event in Łódź and marketing barter agreements (which were responsible for an increase in the value of this item) and income relating to writing off past liabilities of the GOG.COM segment.

In the reporting period, the Group recognized an excess of **Finance income** over **Finance costs**, which was mainly due to an increase in interest income resulting from the global interest rate growth, but also due to generating net foreign exchange gains and hedging transactions relating to the foreign exchange risk associated with holding Treasury bonds denominated in foreign currencies.

The **corporate income tax** recognized in the income statement for the third quarter of the current year and the effective tax rate increased significantly in relation to the third quarter of 2021. This was mainly due to the fact that a part of the tax collected in other jurisdictions on licence fees payable to the Parent Company (withholding tax) was recognized in corporate income tax.

Having collected the documents confirming the amounts of withholding tax and the fact of its payment abroad, the Parent Company deducted the foreign withholding tax from the Polish corporate income tax, which (in a significant part) was calculated based on a preferential IP Box tax rate (5%), and charged the excess to the income statement.

The consolidated **Net profit** of the Group generated in the third quarter of 2022 of PLN 98 704 thousand was significantly higher than in the third quarter of the previous year, mainly due to a considerable increase in the revenues of the CD PROJEKT RED segment.





## Interim condensed consolidated statement of comprehensive income

	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
<b>Net profit/(loss)</b>	<b>98 704</b>	<b>212 462</b>	<b>16 342</b>	<b>121 390</b>
<b>Other comprehensive income subject to reclassification to gains or losses after specific conditions have been met</b>	<b>(4 402)</b>	<b>(10 841)</b>	<b>1 876</b>	<b>3 680</b>
Exchange differences on measurement of foreign operations	1 896	3 448	83	109
Measurement of derivative financial instruments – fair value through other comprehensive income, taking into account the tax effect	(6 298)	(14 289)	1 793	3 571
<b>Other comprehensive income not subject to reclassification to gains or losses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>94 302</b>	<b>201 621</b>	<b>18 218</b>	<b>125 070</b>
Total comprehensive income attributable to non-controlling interests	-	-	-	-
<b>Total comprehensive income attributable to owners of CD PROJEKT S.A.</b>	<b>94 302</b>	<b>201 621</b>	<b>18 218</b>	<b>125 070</b>

## Interim condensed consolidated statement of financial position

	Note	30.09.2022	30.06.2022	31.12.2021*
<b>NON-CURRENT ASSETS</b>		<b>1 092 237</b>	<b>1 039 127</b>	<b>905 846</b>
Property, plant and equipment	2	131 431	129 155	119 588
Intangible assets	3	69 952	69 764	58 393
Expenditure on development projects	3	449 468	434 055	350 195
Investment properties	5	42 961	43 655	44 634
Goodwill	3.4	56 438	56 438	56 438
Shares in non-consolidated subsidiaries		72 195	67 055	38 520
Prepayments and deferred costs	9	29 619	24 247	11 434
Other financial assets	8.15	197 509	173 589	178 540
Deferred tax assets	10	41 877	40 435	47 418
Other receivables	7.15	787	734	686
<b>CURRENT ASSETS</b>		<b>1 138 568</b>	<b>1 157 539</b>	<b>1 252 889</b>
Inventories	6	14 492	15 136	15 886
Trade receivables	7.15	147 246	63 220	125 293
Current income tax receivable		1 332	2 454	98
Other receivables	7	48 536	51 411	113 498
Prepayments and deferred costs	9	28 067	20 717	13 763
Other financial assets	8.15	289 662	319 572	307 765
Bank deposits over 3 months	15	410 544	-	265 000
Cash and cash equivalents	15	198 689	685 029	411 586
<b>TOTAL ASSETS</b>		<b>2 230 805</b>	<b>2 196 666</b>	<b>2 158 735</b>

\* restated data

The item **Expenditure on development projects**, which comprises the expenditure on the production of games, new technologies and other products of a similar nature incurred and deferred by the Group, represented the biggest share of the balance of the Group's **Non-current assets** as at the end of the third quarter of 2022 and significantly contributed to its increase. The increase in this item in the reporting period was due to the fact that the expenditure incurred by the CD PROJEKT RED segment on the production of future games exceeded the amortization of completed projects.

Moreover, the balance of **Property, plant and equipment** (constituting a part of non-current assets) increased in the reporting period due to the expenditure on construction work at the CD PROJEKT campus in Warsaw (fixed assets under construction).

An increase in the balance of **Shares in non-consolidated subordinated entities** was mainly due to an increase in the capital of CD PROJEKT RED Vancouver Studio Ltd. and translation of the value of shares in subsidiaries of CD PROJEKT Inc. into the presentation currency of the CD Projekt S.A. Group.

An increase in the balance of **Other long-term financial assets** is due to the conversion of some of the investments in Treasury bonds maturing in the reporting period, which had previously been recognized as Short-term current assets, to newly issued bonds with maturities exceeding 12 months year from 30 September 2022. The total balance of Other financial assets (both long- and short-term) did not change significantly.

An increase in the consolidated balance of **Prepayments and deferred costs**, both short- and long-term, recognized as at the end of the analysed period, was mainly due to the new distribution contracts signed in the GOG.COM segment and the resulting recognition of minimum guarantees, i.e. the advances and prepayments provided by GOG.COM to the suppliers in association with licensing royalties for games distributed on the GOG.COM platform.

The Group's **Other receivables** at the end of September 2022 comprise mainly tax receivables and advance payments remitted by CD PROJEKT RED in relation to development projects, goods for resale and services.

The reported increase in the consolidated balance of **Trade receivables** in relation to the balance as at 30 June 2022 was mainly due to an increase in sales in the current period which naturally resulted in an increase in the receivables in respect of royalties in the CD PROJEKT RED segment, which were not settled as at the balance sheet date.

As at 30 September 2022, the aggregate value of **Cash and cash equivalents**, **Bank deposits (maturity beyond 3 months)** and liquid financial assets in the form of Treasury bonds held by the Group (recognized as short- and long-term Other financial assets) was PLN 1 095 722 thousand.

	Note	30.09.2022	30.06.2022	31.12.2021
<b>EQUITY</b>		<b>1 998 523</b>	<b>1 903 244</b>	<b>1 894 356</b>
<b>Equity of the shareholders of CD PROJEKT S.A.</b>		<b>1 998 523</b>	<b>1 903 244</b>	<b>1 894 356</b>
Share capital	21	100 739	100 739	100 739
Supplementary capital		1 530 035	1 560 842	1 425 647
Share premium		115 909	115 909	115 909
Other reserves		36 990	42 323	47 994
Foreign exchange differences on translation		5 039	3 143	1 591
Retained earnings		(2 651)	(33 458)	(6 432)
Net profit (loss) for the period		212 462	113 746	208 908
<b>Non-controlling interests</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>NON-CURRENT LIABILITIES</b>		<b>35 584</b>	<b>32 729</b>	<b>36 112</b>
Other financial liabilities	15	23 919	23 614	21 080
Other liabilities	13	2 680	2 740	2 860
Deferred income	14	4 135	5 504	6 424
Provision for retirement and similar benefits	11	380	380	380
Other provisions	12	4 470	491	5 368
<b>CURRENT LIABILITIES</b>		<b>196 698</b>	<b>260 693</b>	<b>228 267</b>
Other financial liabilities	15	38 591	29 724	25 802
Trade payables	15	67 726	64 042	53 380
Current income tax liabilities		6 468	-	24 446
Other liabilities	13	8 879	110 322	10 042
Deferred income	14	20 632	17 682	31 548
Provision for retirement and similar benefits	11	7	7	7
Other provisions	12	54 395	38 916	83 042
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2 230 805</b>	<b>2 196 666</b>	<b>2 158 735</b>

As at the end of the third quarter of 2022, the CD PROJEKT Group's **Equity** amounted to PLN 1 998 523 thousand, i.e. PLN 95 279 thousand more than as at 30 June 2022, which was mainly due to the Net profit for the reporting period.

An increase in both long- and short-term **Other financial liabilities** in the reporting period was mainly due to the revaluation of the instruments hedging currency risk associated with holding foreign Treasury bonds denominated in foreign currencies. This item also includes liabilities in respect of the perpetual usufruct of land relating to the Jagiellońska 74 and Jagiellońska 76 facilities in Warsaw and liabilities in respect of the deferred payment of a part of the purchase price for shares in The Molasses Flood.

An increase in the consolidated balance of **Other provisions** (both long- and short-term) in the third quarter of 2022 was mainly due to an increase in the provision for remuneration dependent on current-period earnings.

An increase in the balance of the Group's **Trade payables** resulted from the ongoing operations of the CD PROJEKT RED segment. This item also includes the liabilities of the GOG.COM segment, mainly in respect of royalties relating to the sales executed in the current period.

The balance of the Group's **Other liabilities** in the reporting period mainly comprised current tax (VAT, PIT, withholding tax) and social insurance liabilities. A decrease in this balance compared with the end of June 2022 is a result of the dividend paid by CD PROJEKT S.A. during the reporting period.

The balance of **Deferred income** of the CD PROJEKT Group as at the end of September 2022 comprised mainly:

- CD PROJEKT RED – future period sales – minimum guarantees, i.e. licensing royalties received 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 – pre-orders for games scheduled for release in future reporting periods.

## Interim condensed statement of changes in consolidated equity

	Share capital	Supplementary capital	Share premium	Other reserves	Foreign exchange differences on translation	Retained earnings	Net profit (loss) for the period	Equity attributable to owners of CD PROJEKT S.A.	Non-controlling interests	Total equity
<b>01.01.2022 – 30.09.2022</b>										
<b>Equity as at 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>-</b>	<b>1 894 356</b>
Costs of the incentive plan	-	-	-	3 285	-	-	-	3 285	-	3 285
Appropriation of the net profit/offset of loss	-	104 388	-	-	-	(104 388)	-	-	-	-
Payment of dividend	-	-	-	-	-	(100 739)	-	(100 739)	-	(100 739)
Total comprehensive income	-	-	-	(14 289)	3 448	-	212 462	201 621	-	201 621
<b>Equity as at 30.09.2022</b>	<b>100 739</b>	<b>1 530 035</b>	<b>115 909</b>	<b>36 990</b>	<b>5 039</b>	<b>(2 651)</b>	<b>212 462</b>	<b>1 998 523</b>	<b>-</b>	<b>1 998 523</b>



	Share capital	Supplementary capital	Share premium	Other reserves	Foreign exchange differences on translation	Retained earnings	Net profit (loss) for the period	Equity attributable to owners of CD PROJEKT S.A.	Non-controlling interests	Total equity
<b>01.01.2021 – 30.09.2021</b>										
<b>Equity as at 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>-</b>	<b>2 187 356</b>
Corrections of errors	-	-	-	-	-	(4 179)	-	(4 179)	-	(4 179)
<b>Equity, as adjusted</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>-</b>	<b>2 183 177</b>
Costs of the incentive plan	-	-	-	26 820	-	-	-	26 820	-	26 820
Appropriation of the net profit/offset of loss	-	649 927	-	-	-	(649 927)	-	-	-	-
Share-based payments	84	869	2 065	(869)	-	-	-	2 149	-	2 149
Payment of dividend	-	-	-	-	-	(503 694)	-	(503 694)	-	(503 694)
Total comprehensive income	-	-	-	3 571	109	-	121 390	125 070	-	125 070
<b>Equity as at 30.09.2021</b>	<b>100 739</b>	<b>1 425 647</b>	<b>115 909</b>	<b>75 069</b>	<b>1 200</b>	<b>(6 432)</b>	<b>121 390</b>	<b>1 833 522</b>	<b>-</b>	<b>1 833 522</b>

The Group adjusted the calculation of the deferred tax asset as at 31 December 2020 by reclassifying a part of deductible temporary differences from the category of taxed at 19% to taxed at 5%. As a result of the adjustment, equity decreased by PLN 4,179 thousand.

## Interim condensed consolidated statement of cash flows

	Note	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
<b>OPERATING ACTIVITIES</b>					
<b>Net profit/(loss)</b>		<b>98 704</b>	<b>212 462</b>	<b>16 342</b>	<b>121 390</b>
<b>Total adjustments:</b>	<b>29</b>	<b>(42 149)</b>	<b>(18 150)</b>	<b>75 887</b>	<b>841 713</b>
Depreciation and amortization of property, plant and equipment, intangible assets, expenditure on development projects and investment properties		3 425	10 771	4 396	13 284
Amortization of development projects recognized as cost of goods sold		48 325	84 541	22 876	69 383
Foreign exchange gains/(losses)		(19 888)	(24 769)	(9 705)	(11 719)
Interest and participation in profits		(9 168)	(26 719)	(17)	332
(Gains)/Losses on investing activities		13 796	15 282	9 460	14 111
Increase/(Decrease) in provisions		13 275	(36 914)	(49 463)	(285 827)
(Increase)/Decrease in inventories		644	1 394	339	(9 607)
(Increase)/Decrease in receivables		(87 658)	(15 016)	88 877	1 118 518
Increase/(Decrease) in liabilities, excluding loans and borrowings		4 762	12 285	12 747	(76 816)
Change in other assets and liabilities		(11 201)	(45 874)	(12 971)	(18 152)
Other adjustments		1 539	6 869	9 348	28 206
<b>Cash from operating activities</b>		<b>56 555</b>	<b>194 312</b>	<b>92 229</b>	<b>963 103</b>
Income tax expense		6 612	21 823	375	11 191
Withholding tax paid abroad		6 722	31 356	(317)	(314)
Income tax (paid)/refunded		(454)	(35 407)	(6 456)	(7 689)
<b>Net cash from operating activities</b>		<b>69 435</b>	<b>212 084</b>	<b>85 831</b>	<b>966 291</b>

	Note	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021*
<b>INVESTING ACTIVITIES</b>					
<b>Inflows</b>		<b>92 054</b>	<b>553 821</b>	<b>506</b>	<b>239 764</b>
Sale of intangible assets and property, plant and equipment		260	274	6	14
Repayment of loans granted		-	12 202	-	-
Sale of shares in a subsidiary		-	76	19	19
Expiry of bank deposits over 3 months		-	265 000	-	164 368
Redemption of bonds		84 853	257 943	-	66 628
Interest on bonds		1 147	3 250	445	725
Inflows from execution of forward contracts		-	-	-	7 887
Interest received on deposits		5 794	14 811	-	41
Other inflows from investing activities		-	265	36	82
<b>Outflows</b>		<b>546 181</b>	<b>875 014</b>	<b>63 738</b>	<b>574 103</b>
Acquisition of intangible assets and property, plant and equipment		10 333	35 953	5 636	23 755
Expenditure on development projects		55 831	145 542	26 530	135 557
Acquisition of investment properties and capitalization of expenditure		-	145	595	2 000
Loans granted		-	3 400	600	4 340
Acquisition of a subsidiary		-	-	7 679	7 679
Contribution to the capital of a subsidiary		2 308	28 318	-	-
Purchase of bonds and cost of their purchase		57 380	225 500	22 623	350 699
Outflows from execution of forward contracts		9 785	25 548	75	-
Other outflows on investing activities		-	64	-	-
Placement of bank deposits over 3 months		410 544	410 544	-	50 073
<b>Net cash from investing activities</b>		<b>(454 127)</b>	<b>(321 193)</b>	<b>(63 232)</b>	<b>(334 339)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Inflows</b>		<b>10</b>	<b>30</b>	<b>10</b>	<b>2 179</b>
Net proceeds from the sale of shares and issue of shares in the execution of the incentive plan		-	-	-	2 149
Payment of finance lease liabilities		10	30	10	30
<b>Outflows</b>		<b>101 658</b>	<b>103 818</b>	<b>1 028</b>	<b>506 785</b>
Dividends and other distributions to shareholders		100 739	100 739	-	503 694
Payment of lease liabilities		782	2 675	927	2 650
Interest paid		137	404	101	441
<b>Net cash used in financing activities</b>	<b>30</b>	<b>(101 648)</b>	<b>(103 788)</b>	<b>(1 018)</b>	<b>(504 606)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(486 340)</b>	<b>(212 897)</b>	<b>21 581</b>	<b>127 346</b>
<b>Change in cash and cash equivalents in the balance sheet</b>		<b>(486 340)</b>	<b>(212 897)</b>	<b>21 581</b>	<b>127 346</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>685 029</b>	<b>411 586</b>	<b>669 100</b>	<b>563 335</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>198 689</b>	<b>198 689</b>	<b>690 681</b>	<b>690 681</b>

\* restated data

In the third quarter of 2022, the CD PROJEKT Group recognized positive **Net cash flows from operating activities** of PLN 69 435 thousand, i.e. PLN 16 396 thousand less than in the reference period.

The consolidated net profit/ (loss) was adjusted for:

- I. Non-cash items (a net increase):
  - Amortization and depreciation;
  - Amortization of development projects recognized as cost of sales, comprising mainly the costs of production of the Cyberpunk: EDGERUNNERS anime series (which were charged to the income statement on a one-off basis) and amortization of development costs related to Cyberpunk 2077, together with its next-gen release for Xbox Series X|S and PlayStation 5;
  - Foreign exchange gain/(loss) – a decrease resulting from the valuation of foreign Treasury bonds;
  - Gain/(loss) on investing activities – an increase resulting from transactions on bonds and derivative financial instruments;
  - Change in provisions – an increase resulting mainly from a change in the amount of other provisions;
  - Other adjustments – an increase resulting mainly from elimination of the settlement of the incentive plan costs and adjustments of amortization and depreciation recognized in the cost of sales and operating expenses;
- II. Items relating to changes in current assets and short-term liabilities (a net decrease):
  - Change in inventories – an increase in the balance of flows resulting from a decrease in inventory;
  - Change in receivables – a decrease in the balance of flows resulting mainly from an increase in the receivables of the CD PROJEKT RED segment as at the end of the third quarter of 2022;
  - Change in liabilities excluding loans and borrowings – an increase in the balance of flows;
  - Change in other assets and liabilities – a decrease in the balance of flows, mainly as a result of an increase in the balance of minimum guarantees contractually agreed with suppliers by GOG.COM in the reporting period;
- III. An item recognized elsewhere in the cash flow statement: Interest and profit sharing, which caused a decrease in cash flows from operating activities;
- IV. Difference between the amount of income tax reported in the income statement and income tax actually paid in the third quarter of 2022, including withholding tax settlement (an increase).

In the reporting period, the Group companies generated a negative balance of **Net cash flows from investing activities**, where the investments in assets (including financial assets) exceeded the current inflows received from the redemption of Treasury bonds and interest. During the period, the following outflows on investing activities occurred:

- An increase in the balance of bank deposits over 3 months and investments in Treasury bonds and hedging instruments;
- Expenditure on development projects, mainly relating to the projects executed by the CD PROJEKT RED segment;
- Purchase of intangible assets and property, plant and equipment;
- Additional capital contribution to a subsidiary CD PROJEKT RED Vancouver Studio Ltd.

The balance of **Net cash flows from financing activities** was negative mainly due to a payment of dividend to the owners of CD PROJEKT S.A.

Overall, in the third quarter of 2022 the CD PROJEKT Group generated negative **Net cash flows** of PLN 486 340 thousand which resulted mainly from an increase in the balance of deposits with banks with maturities exceeding 3 months of PLN 410 544 thousand and the payment of dividend of PLN 100 739 thousand.





CD PROJEKT

## Notes to the interim condensed consolidated financial statements

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# 2



## General information

Name of reporting entity:	CD PROJEKT S.A. (there have been no changes in the name of the reporting entity since the end of the prior reporting period)
Legal form:	a joint stock company ( <i>spółka akcyjna</i> )
Registered office:	ul. Jagiellońska 74, 03-301 Warsaw
Country of registration:	Poland
Core activities:	CD PROJEKT S.A. is the holding company of the CD PROJEKT Group which operates in the CD PROJEKT RED and GOG.COM segments.
Principal place of business:	Warsaw
Registration body:	District Court in Warsaw, 14th Business Department of the National Court Register.
Statistical number REGON:	492707333
Tax identification number NIP:	7342867148
Number in the BDO register (national waste management database):	000141053
Duration of the Group:	Unspecified
Name of parent entity:	CD PROJEKT S.A.
Name of the top parent of the group:	CD PROJEKT S.A.

## Presentation of the Group

### Subsidiaries



## Consolidation policies

### Consolidated companies

	% share in capital	% share of voting rights	consolidation method
<b>CD PROJEKT S.A.</b>	parent entity	-	-
<b>GOG sp. z o.o.</b>	100%	100%	acquisition accounting
<b>CD PROJEKT Inc.</b>	100%	100%	acquisition accounting
<b>Spokko sp. z o.o.</b>	87.6%	87.6%	not consolidated
<b>CD PROJEKT RED STORE sp. z o.o.</b>	100%	100%	acquisition accounting
<b>CD PROJEKT RED Vancouver Studio Ltd.</b>	100%	100%	not consolidated
<b>The Molasses Flood LLC</b>	60%	60%	not consolidated
<b>CD PROJEKT SILVER Inc.</b>	100%	100%	not consolidated

In accordance with the accounting policy adopted by the Group, the parent entity does not have to consolidate a subsidiary using the acquisition accounting method, if:

- the subsidiary's share in the parent entity's total assets does not exceed 2%;
- the share in the parent entity's revenue from sales and financial transactions does not exceed 1%;

where those transactions between the subsidiary and its parent entity which would be eliminated during consolidation are not taken into account when determining whether the said thresholds have been exceeded.

In total, the financial data of the subsidiaries excluded from consolidation cannot exceed:

- 5% of the share in the parent entity's total assets;
- 2% of the share in the parent entity's revenue from sales and financial transactions;

where those transactions between the subsidiary and its parent entity which would be eliminated during consolidation are not taken into account when determining whether the said thresholds have been exceeded.

### Subsidiaries

Subsidiaries are all and any entities over which the Group has control which manifests itself by, simultaneously:

- having power, consisting of having substantive rights that give the Group the current ability to direct the relevant activities, i.e. those activities which significantly affect the entity's financial results;
- being exposed or having rights to variable returns, consisting of having the potential to change the financial results of the Group depending on the results of the subsidiary;
- having the ability to use the power exercised to affect its returns from the subsidiary by using its power in order to affect the financial results attributable to the Group resulting from the involvement in the subsidiary

Subsidiaries are fully consolidated from the date on which the Group assumed control over them. They cease to be consolidated from the date that control ceases.

Revenue and costs, receivables and payables and unrealized gains on transactions between Group companies are eliminated for the purposes of the consolidated financial statements. Unrealized losses are also eliminated, unless the transaction is an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

## Basis of preparation of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard No. 34 *Interim Financial Reporting* endorsed by the EU ("IAS 34").

The interim condensed consolidated financial statements do not comprise all the information and disclosures which are required in annual financial statements and should be read jointly with the consolidated financial statements of the Group for the year ended 31 December 2021 approved for publication on 14 April 2022.

## Going concern assumption

These interim condensed consolidated financial statements have been prepared based on the assumption that the Group and the Parent Company will continue in operation as a going concern in the foreseeable future, i.e. in the period of at least 12 months after the balance sheet date.

As at the date of signing these financial statements, the Management Board of the Parent Company has not identified any facts or circumstances which would indicate any threats to the Group continuing in operation as a going concern for a period of 12 months after the end of the reporting period as a result of intended or forced discontinuation or significantly curtailing its existing operations.

By the date of preparing the consolidated financial statements for the period from 1 July to 30 September 2022, the Management Board of the Parent Company did not become aware of any events which should have been but were not recognized in the accounting records for the reporting period. At the same time, there were no significant prior year events undisclosed in these financial statements.

## Compliance with the International Financial Reporting Standards

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard No. 34 *Interim Financial Reporting* and in accordance with the relevant International Financial Reporting Standards (IFRS) applicable to interim financial reporting, approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) as applicable as at 30 September 2022.

The Group intends to apply changes to IFRS published but not yet binding by the date of publication of these interim condensed consolidated financial statements in accordance with their effective dates. Information on standards and interpretations adopted for the first time, early adoption of the standards, standards effective on or after 1 January 2022 and the assessment of the impact of IFRS changes on the future consolidated financial statements of the Group have been presented in the second part of the Consolidated Financial Statements for 2021.

## Amendments to standards or interpretations effective from 1 January 2022 applicable and adopted by the Group

- *Amendments to IFRS 3 Business combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Annual Improvements to IFRS 2018-2020 (IFRS 1, IFRS 9, IFRS 16 and IAS 41)* – approved on 28 June 2021, applicable to periods beginning on or after 1 January 2022.

## Standards published and endorsed by the EU which are not yet effective and their impact on the Group's financial statements

The Management Board analysed the impact of the application of the new standards on future financial statements. When approving these financial statements, the Group did not apply the following standards, amendments and interpretations published and endorsed by the EU, but not yet effective:

- *IFRS 17 Insurance Contracts* – approved on 19 November 2021, applicable to reporting periods beginning on or after 1 January 2023,





- Amendments to **IAS 1** and *Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2* (published on 12 February 2021) – approved on 2 March 2022 and applicable to annual periods beginning on or after 1 January 2023,
- Amendment to **IAS 8** *Accounting Policies, Changes in Accounting Estimates and Errors* – approved on 2 March 2022 and applicable to periods beginning on or after 1 January 2023,
- Amendments to **IAS 12** *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* – approved on 11 August 2022 and applicable to periods beginning on or after 1 January 2023,
- Amendments to **IFRS 17** *Insurance Contracts* concerning *Initial Application of IFRS 17 and IFRS 9 - Comparative Information* – approved on 8 September 2022 and applicable to periods beginning on or after 1 January 2023.

The Group does not expect the introduction of these amendments to have a material impact on the accounting policies adopted by the Group with regard to the Group's operations or its financial results.

### Standards and interpretations adopted by the IASB but not yet endorsed by the EU

When approving these financial statements, the Group did not apply the following standards, amendments and interpretations which have not yet been endorsed by the EU:

- Amendment 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 2024,
- Amendments to **IFRS 16** *Leases: Lease Liability in a Sale and Leaseback* – applicable to reporting periods beginning on or after 1 January 2024.

The Group is analysing the estimated impact of the standards and amendments listed above on the Group's financial statements.

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## Functional currency and presentation currency

### Functional currency and presentation currency

The functional currency of the Group and the Parent Company and the reporting currency of these financial statements is the Polish zloty (PLN). Unless stated otherwise, all data is presented in thousands of Polish zlotys (PLN '000).

### Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rate as at the transaction date. Foreign exchange gains and losses on the settlement of these transactions and the translation of monetary assets and liabilities as at the balance sheet date are recognized in the income statement, unless they are deferred in equity, when they qualify for recognition as cash flow hedges and hedges of a net investment.

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## Comparability of the financial statements and consistency of accounting policies

The accounting policies applied in these interim condensed consolidated financial statements, material judgments made by the Management Board with regard to the accounting policies applied by the Group and the main sources of estimating uncertainties are consistent, in all material respects, with the policy adopted for preparing the annual consolidated financial statements of the CD PROJEKT Group for 2021, with the exception of changes in accounting policies and presentation changes described below. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2021.



## Presentation changes

In these interim condensed consolidated financial statements for the period from 1 July to 30 September 2022 changes were introduced in the presentation of selected financial data. In order to ensure comparability of the financial data in the reporting period, presentation of the data as at 30 September 2021 and as at 31 December 2021 was changed. The data is presented after the following changes:

- In the statement of financial position as at 31 December 2021, presentation of some of the land held by the Group changed. Consequently, the following items changed:
  - Property, plant and equipment – an increase of PLN 4,354 thousand
  - Investment properties – a decrease of PLN 4,354 thousand.

The change did not affect the net profit or loss and equity.

- In the cash flow statement for the period from 1 January 2021 to 30 September 2021, presentation of interest received on deposits was changed. Consequently, the following items changed:
  - Other inflows from investing activities – a decrease of PLN 41 thousand
  - Interest on deposits – an increase of PLN 41 thousand.

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## Audit by the registered auditor

These interim condensed consolidated financial statements, including selected elements of the interim condensed separate financial statements were not audited or reviewed by an independent registered auditor.



**CD PROJEKT**

## **Notes – operating segments of the CD PROJEKT Group**

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# **3**



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## Operating segments

### **Presentation of the financial statements taking into account operating segments**

The scope of the financial information provided on the Group's operating segments is consistent with the requirements of IFRS 8. The segments' results are determined based on their net profits.

### **Description of differences in the basis for determining segments and the profit or loss of a segment compared with the last annual consolidated financial statements**

The Group did not make any changes in determining segments or in the measurement of the profits or losses of the individual segments in relation to the financial statements for the year ended 31 December 2021.

There are no differences between the measurement of the assets, liabilities, profits and losses of the Group's reporting segments.



## Information on individual operating segments

	Continuing operations		Consolidation eliminations	Total continuing operations
	CD PROJEKT RED	GOG.COM		
01.07.2022 – 30.09.2022				
Sales revenue	205 157	44 022	(3 665)	245 514
from external customers	201 560	43 954	-	245 514
between segments	3 597	68	(3 665)	-
Net profit/(loss) of the segment	97 377	1 306	21	98 704

	Continuing operations		Consolidation eliminations	Total continuing operations
	CD PROJEKT RED	GOG.COM		
01.01.2022 – 30.09.2022				
Sales revenue	500 722	132 773	(9 988)	623 507
from external customers	490 938	132 569	-	623 507
between segments	9 784	204	(9 988)	-
Net profit/(loss) of the segment	210 865	1 659	(62)	212 462

	Continuing operations		Consolidation eliminations	Total continuing operations
	CD PROJEKT RED	GOG.COM		
01.07.2021 – 30.09.2021				
Sales revenue	104 770	41 784	(2 091)	144 463
from external customers	102 771	41 692	-	144 463
between segments	1 999	92	(2 091)	-
Net profit/(loss) of the segment	21 081	(4 752)	13	16 342

	Continuing operations		Consolidation eliminations	Total continuing operations
	CD PROJEKT RED	GOG.COM		
01.01.2021 – 30.09.2021				
Sales revenue	476 710	148 117	(9 718)	615 109
from external customers	467 220	147 889	-	615 109
between segments	9 490	228	(9 718)	-
Net profit/(loss) of the segment	130 676	(9 210)	(76)	121 390

## Consolidated income statement by segments for the period from 01.07.2022 to 30.09.2022

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
<b>Sales revenue</b>	<b>205 157</b>	<b>44 022</b>	<b>(3 665)</b>	<b>245 514</b>
Sales of products	201 745	-	1 444	203 189
Sales of services	576	68	(336)	308
Sales of goods for resale and materials	2 836	43 954	(4 773)	42 017
<b>Cost of sales of products, services, goods for resale and materials</b>	<b>50 916</b>	<b>31 672</b>	<b>(3 388)</b>	<b>79 200</b>
Costs of products and services sold	48 657	4	(59)	48 602
Cost of goods for resale and materials sold	2 259	31 668	(3 329)	30 598
<b>Gross profit/(loss) on sales</b>	<b>154 241</b>	<b>12 350</b>	<b>(277)</b>	<b>166 314</b>
Selling expenses	44 304	10 387	(312)	54 379
Administrative expenses	16 285	1 611	(29)	17 867
Other operating income	7 817	2 891	(889)	9 819
Other operating expenses	6 810	808	(835)	6 783
(Impairment)/reversal of impairment of financial instruments	(9)	-	-	(9)
<b>Operating profit/(loss)</b>	<b>94 650</b>	<b>2 435</b>	<b>10</b>	<b>97 095</b>
Finance income	33 984	3 563	(4 328)	33 219
Finance costs	18 245	4 374	(4 343)	18 276
<b>Profit/(loss) before tax</b>	<b>110 389</b>	<b>1 624</b>	<b>25</b>	<b>112 038</b>
Income tax expense	13 012	318	4	13 334
<b>Net profit/(loss)</b>	<b>97 377</b>	<b>1 306</b>	<b>21</b>	<b>98 704</b>
<b>Net profit/(loss) attributable to owners of CD PROJEKT S.A.</b>	<b>97 377</b>	<b>1 306</b>	<b>21</b>	<b>98 704</b>

## Consolidated income statement by segments for the period from 01.01.2022 to 30.09.2022

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
<b>Sales revenue</b>	<b>500 722</b>	<b>132 773</b>	<b>(9 988)</b>	<b>623 507</b>
Sales of products	485 216	-	3 841	489 057
Sales of services	2 582	204	(1 164)	1 622
Sales of goods for resale and materials	12 924	132 569	(12 665)	132 828
<b>Cost of sales of products, services, goods for resale and materials</b>	<b>94 733</b>	<b>94 880</b>	<b>(9 052)</b>	<b>180 561</b>
Costs of products and services sold	85 821	47	(228)	85 640
Cost of goods for resale and materials sold	8 912	94 833	(8 824)	94 921
<b>Gross profit/(loss) on sales</b>	<b>405 989</b>	<b>37 893</b>	<b>(936)</b>	<b>442 946</b>
Selling expenses	124 890	31 261	(431)	155 720
Administrative expenses	48 637	4 775	(256)	53 156
Other operating income	13 178	5 074	(3 048)	15 204
Other operating expenses	15 189	2 680	(3 177)	14 692
(Impairment)/reversal of impairment of financial instruments	(17)	-	-	(17)
<b>Operating profit/(loss)</b>	<b>230 434</b>	<b>4 251</b>	<b>(120)</b>	<b>234 565</b>
Finance income	70 316	8 007	(9 734)	68 589
Finance costs	37 244	10 068	(9 799)	37 513
<b>Profit/(loss) before tax</b>	<b>263 506</b>	<b>2 190</b>	<b>(55)</b>	<b>265 641</b>
Income tax expense	52 641	531	7	53 179
<b>Net profit/(loss)</b>	<b>210 865</b>	<b>1 659</b>	<b>(62)</b>	<b>212 462</b>
<b>Net profit/(loss) attributable to owners of CD PROJEKT S.A.</b>	<b>210 865</b>	<b>1 659</b>	<b>(62)</b>	<b>212 462</b>

## Consolidated income statement by segments for the period from 01.07.2021 to 30.09.2021

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

## Consolidated income statement by segments for the period from 01.01.2021 to 30.09.2021

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

## Consolidated statement of financial position by segments as at 30.09.2022

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
<b>NON-CURRENT ASSETS</b>	<b>1 075 120</b>	<b>34 197</b>	<b>(17 080)</b>	<b>1 092 237</b>
Property, plant and equipment	129 858	3 558	(1 985)	131 431
Intangible assets	69 942	10	-	69 952
Expenditure on development projects	447 993	1 487	(12)	449 468
Investment properties	42 961	-	-	42 961
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	15 073	-	(15 073)	-
Shares in non-consolidated subsidiaries	72 195	-	-	72 195
Prepayments and deferred costs	3 535	26 084	-	29 619
Other financial assets	197 509	-	-	197 509
Deferred tax assets	38 829	3 058	(10)	41 877
Other receivables	787	-	-	787
<b>CURRENT ASSETS</b>	<b>1 080 000</b>	<b>62 252</b>	<b>(3 684)</b>	<b>1 138 568</b>
Inventories	14 492	-	-	14 492
Trade receivables	146 628	4 302	(3 684)	147 246
Current income tax receivable	122	1 210	-	1 332
Other receivables	46 908	1 628	-	48 536
Prepayments and deferred costs	8 211	19 856	-	28 067
Other financial assets	288 980	682	-	289 662
Bank deposits over 3 months	410 544	-	-	410 544
Cash and cash equivalents	164 115	34 574	-	198 689
<b>TOTAL ASSETS</b>	<b>2 155 120</b>	<b>96 449</b>	<b>(20 764)</b>	<b>2 230 805</b>

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
<b>EQUITY</b>	<b>1 978 506</b>	<b>35 106</b>	<b>(15 089)</b>	<b>1 998 523</b>
<b>Equity of the shareholders of CD PROJEKT S.A.</b>	<b>1 978 506</b>	<b>35 106</b>	<b>(15 089)</b>	<b>1 998 523</b>
Share capital	100 739	136	(136)	100 739
Supplementary capital	1 502 549	33 001	(5 515)	1 530 035
Share premium	115 909	-	-	115 909
Other reserves	38 003	371	(1 384)	36 990
Foreign exchange differences on translation	4 090	(65)	1 014	5 039
Retained earnings	6 351	4	(9 006)	(2 651)
Net profit (loss) for the period	210 865	1 659	(62)	212 462
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NON-CURRENT LIABILITIES</b>	<b>35 565</b>	<b>1 362</b>	<b>(1 343)</b>	<b>35 584</b>
Other financial liabilities	23 919	1 343	(1 343)	23 919
Other liabilities	2 680	-	-	2 680
Deferred income	4 128	7	-	4 135
Provision for retirement and similar benefits	368	12	-	380
Other provisions	4 470	-	-	4 470
<b>CURRENT LIABILITIES</b>	<b>141 049</b>	<b>59 981</b>	<b>(4 332)</b>	<b>196 698</b>
Other financial liabilities	38 591	648	(648)	38 591
Trade payables	26 499	44 119	(2 892)	67 726
Current income tax liabilities	6 468	-	-	6 468
Other liabilities	4 406	4 473	-	8 879
Deferred income	14 774	5 858	-	20 632
Provision for retirement and similar benefits	6	1	-	7
Other provisions	50 305	4 882	(792)	54 395
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2 155 120</b>	<b>96 449</b>	<b>(20 764)</b>	<b>2 230 805</b>



## Consolidated statement of financial position by segments as at 30.06.2022

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
<b>NON-CURRENT ASSETS</b>	<b>1 029 020</b>	<b>28 417</b>	<b>(18 310)</b>	<b>1 039 127</b>
Property, plant and equipment	115 255	4 921	8 979	129 155
Intangible assets	69 754	10	-	69 764
Expenditure on development projects	432 371	1 697	(13)	434 055
Investment properties	55 830	-	(12 175)	43 655
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	15 095	-	(15 095)	-
Shares in non-consolidated subsidiaries	67 055	-	-	67 055
Prepayments and deferred costs	5 833	18 414	-	24 247
Other financial assets	173 589	-	-	173 589
Deferred tax assets	37 066	3 375	(6)	40 435
Other receivables	734	-	-	734
<b>CURRENT ASSETS</b>	<b>1 084 507</b>	<b>75 735</b>	<b>(2 703)</b>	<b>1 157 539</b>
Inventories	15 136	-	-	15 136
Trade receivables	63 008	2 915	(2 703)	63 220
Current income tax receivable	1 698	756	-	2 454
Other receivables	49 779	1 632	-	51 411
Prepayments and deferred costs	5 630	15 087	-	20 717
Other financial assets	319 572	-	-	319 572
Cash and cash equivalents	629 684	55 345	-	685 029
<b>TOTAL ASSETS</b>	<b>2 113 527</b>	<b>104 152</b>	<b>(21 013)</b>	<b>2 196 666</b>

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
<b>EQUITY</b>	<b>1 884 553</b>	<b>33 823</b>	<b>(15 132)</b>	<b>1 903 244</b>
<b>Equity of the shareholders of CD PROJEKT S.A.</b>	<b>1 884 553</b>	<b>33 823</b>	<b>(15 132)</b>	<b>1 903 244</b>
Share capital	100 739	136	(136)	100 739
Supplementary capital	1 503 561	62 796	(5 515)	1 560 842
Share premium	115 909	-	-	115 909
Other reserves	43 336	394	(1 407)	42 323
Foreign exchange differences on translation	2 194	(65)	1 014	3 143
Retained earnings	5 339	(29 791)	(9 006)	(33 458)
Net profit (loss) for the period	113 475	353	(82)	113 746
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NON-CURRENT LIABILITIES</b>	<b>32 705</b>	<b>2 426</b>	<b>(2 402)</b>	<b>32 729</b>
Other financial liabilities	23 614	2 402	(2 402)	23 614
Other liabilities	2 740	-	-	2 740
Deferred income	5 492	12	-	5 504
Provision for retirement and similar benefits	368	12	-	380
Other provisions	491	-	-	491
<b>CURRENT LIABILITIES</b>	<b>196 269</b>	<b>67 903</b>	<b>(3 479)</b>	<b>260 693</b>
Other financial liabilities	29 692	808	(776)	29 724
Trade payables	16 580	49 424	(1 962)	64 042
Other liabilities	105 477	4 845	-	110 322
Deferred income	12 037	5 645	-	17 682
Provision for retirement and similar benefits	5	2	-	7
Other provisions	32 478	7 179	(741)	38 916
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2 113 527</b>	<b>104 152</b>	<b>(21 013)</b>	<b>2 196 666</b>

## Consolidated statement of financial position by segments as at 31.12.2021\*

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
<b>NON-CURRENT 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
Intangible assets	58 382	11	-	58 393
Expenditure 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 non-consolidated subsidiaries	38 520	-	-	38 520
Prepayments and deferred costs	4 741	6 693	-	11 434
Other financial assets	178 540	-	-	178 540
Deferred tax assets	43 899	3 522	(3)	47 418
Other receivables	686	-	-	686
<b>CURRENT 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 receivable	98	-	-	98
Other receivables	113 724	1 433	(1 659)	113 498
Prepayments and deferred costs	4 154	9 609	-	13 763
Other financial assets	307 765	-	-	307 765
Bank deposits over 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>

\* restated data

	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 of the shareholders of CD PROJEKT S.A.</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
Share premium	115 909	-	-	115 909
Other reserves	49 007	276	(1 289)	47 994
Foreign exchange differences on translation	642	(65)	1 014	1 591
Retained earnings	2 595	-	(9 027)	(6 432)
Net profit (loss) for the period	238 678	(29 791)	21	208 908
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NON-CURRENT 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 income	6 403	21	-	6 424
Provision for retirement and similar benefits	368	12	-	380
Other provisions	5 368	-	-	5 368
<b>CURRENT 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 payables	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 income	26 072	5 476	-	31 548
Provision for retirement and similar benefits	6	1	-	7
Other provisions	76 209	6 910	(77)	83 042
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2 084 245</b>	<b>96 654</b>	<b>(22 164)</b>	<b>2 158 735</b>

## Operating segments

In the third quarter of 2022, the Group's operations were carried out in two business segments:

- CD PROJEKT RED;
- GOG.COM.

### CD PROJEKT RED

#### The scope and model of operations

The operations of the CD PROJEKT RED segment are executed within the structures of CD PROJEKT S.A. (the domestic holding company of the CD PROJEKT Group), CD PROJEKT Inc. (USA) and CD PROJEKT RED STORE sp. z o.o. (an online shop).

These operations consist in creating and publishing video games, selling licences for their distribution, coordinating sales promotions, and the production, sales or licensing of the accompanying products which support and enhance the brands owned.

The production and publishing of the computer games is executed by the CD PROJEKT RED studio and is based on the brands owned by the Parent Company – the Witcher and Cyberpunk. The studio is globally known for its Cyberpunk 2077 game and the Witcher game series, the flagship brands of CD PROJEKT RED. In addition to the said franchises, the studio started internal concept work on the third franchise under which the creation of a video game with the code name Hadar is planned.

As part of the publishing operations, the Parent Company is responsible for the design of the campaigns which promote its own products and independently maintains direct communication with players via electronic media channels and social media and by participating in industry events.

The segment also comprised the operations of the [gear.cdprojektred.com](http://gear.cdprojektred.com) mail order shop which offered products for fans of CD PROJEKT RED's games.

#### Key products

Currently, the portfolio of the studio's main products includes video games which comprise the Witcher trilogy: The Witcher, The Witcher 2: Assassins of Kings, The Witcher 3: Wild Hunt with two expansions: Hearts of Stone and Blood and Wine, and Cyberpunk 2077 - the studio's first game in the Cyberpunk universe launched on 10 December 2020. On 15 February 2022, the CD PROJEKT RED studio released the Cyberpunk 2077 version dedicated for new generation consoles.

Since 2018, a network game Gwent: The Witcher Card Game is available (PC, macOS, iOS, Android). Moreover, the Parent Company's offer includes a game based on its mechanics, Thronebreaker: The Witcher Tales (PC, iOS, Nintendo Switch, Xbox One, PlayStation 4, Android). A single-player expansion titled Gwent: Rogue Mage was released on 7 July 2022 (for Microsoft Windows, iOS, Android).

### GOG.COM

#### The scope and model of operations

GOG.COM is currently one of the world's most popular independent digital distribution platforms for computer games, which is distinguished by offering digital products without security features that make it difficult for users to use the games they have purchased (DRM).

The platform is available in English, French, German, Chinese and Polish, offering customers not only a fully localized website or games, but also dedicated customer service, technical support, direct marketing activity in the language and popular local payment methods. On GOG.COM, games are available for Windows PCs, as well as for macOS and Linux operating systems.

The operations of the GOG.COM segment consists in digital distribution of the games via own GOG.COM shop and GOG GALAXY application. The platform makes it possible to purchase the game, pay for the game and download it to one's own computer; in addition, the GOG GALAXY application enables, among other things, automatic updates, saving the game in the cloud, network play, including between platforms, and is also responsible for GWENT's network functionalities, sales support and handling of payments made in the PC version of the game.

## Description of the Issuer's major achievements or failures in the third quarter of 2022 by operating segments

### CD PROJEKT RED

#### Events relating to Cyberpunk 2077

On 4 September 2022, at the PAX West event in Seattle (USA), CD PROJEKT RED organized preview shows of the anime CYBERPUNK: EDGERUNNERS. More than 500 visitors had the opportunity to view the first two episodes of the series.

On 6 September, a special episode of Night City Wire premiered. After a segment on CYBERPUNK: EDGERUNNERS, a representative of CD PROJEKT RED discussed the studio's plans for the development of the game and the brand. A gameplay trailer of the upcoming expansion for Cyberpunk 2077 entitled "Phantom Liberty" was presented and finally a special announcement was aired from Keanu Reeves himself, who confirmed his return to the Cyberpunk 2077 universe. This was followed by a live stream, during which studio representatives presented the most important new features awaiting Cyberpunk 2077 players in update 1.6 (EDGERUNNERS UPDATE) released on the same day. The update released included additional content for the game related to the series (side quests, locations, items, an arcade game) and a number of updates and technical improvements to the game. Alongside the update, a free mobile game Roach Race, brought straight from Cyberpunk 2077 to mobile screens, has appeared in the Google Play and Apple Store mobile app shops.

On 13 September, the anime CYBERPUNK: EDGERUNNERS - a 10-episode story created by CD PROJEKT RED in collaboration with the Japanese Studio Trigger – made its debut on the Netflix platform. The series has received positive reviews from both critics and viewers. It received a rating of 8.9 among users on Metacritic and a 100% recommendation among reviewers on Rotten Tomatoes. In its premiere week, the anime debuted at number 8 on the 'Netflix Top 10' chart (in the non-English category) – a global ranking of the most popular productions on the platform – where it remained for the next four weeks.

On 4 October, in the [CD PROJEKT Group Strategy Update](#), the studio confirmed the further development of the Cyberpunk franchise by announcing, among other things, a project codenamed Orion, a sequel to Cyberpunk 2077.

#### Events relating to the Witcher series games

On 7 July 2022, a single-player expansion titled Gwent: Rogue Mage was released. The game combines roguelike, deckbuilding, and strategy elements with the mechanics of Gwent card battles. The game is available to buy as a standalone title for PC (GOG.COM and Steam), as well as on iOS and Android.

On 4 October, during the conference on the [CD PROJEKT Group Strategy Update](#), the studio announced that it was working on developing the Witcher franchise by announcing, among other things, a new Witcher trilogy (which will be launched with a game codenamed Polaris) and two other projects in the Witcher world (Sirius and Canis Majoris).

On 6–8 October, the Game Industry Conference took place, the most important event for video game developers in Poland. CD PROJEKT RED is the gold sponsor of the event. During the ongoing conference and accompanying trade fair Poznań Games Arena 2022, Gwent: Rogue Mage was awarded the statuette for best mobile game of the year by the CEEGA (Central & Eastern European Game Awards).

On 26 October, on the occasion of the 15th anniversary of the release of The Witcher, CD PROJEKT RED announced that work was in progress on a new version (remake) of the first part of Geralt of Rivia's adventures (Canis Majoris project). The game will be developed on Unreal Engine 5 and the execution of the project will be the responsibility of Fool's Theory, a studio specializing in role-playing games. CD PROJEKT RED has full creative oversight of the game's development.

On 14 November, CD PROJEKT RED announced a release date of 14 December 2022 for the Witcher 3: Wild Hunt update, which takes advantage of the possibilities offered by the newest generation of consoles and PC. The update will include a range of graphical and technical improvements, a wide selection of community-created mods and additional content inspired by the Witcher series from Netflix.

### GOG.COM

#### Digital distribution of games

As at the date of publication of this report, the product range on GOG.COM comprises more than 7,000 items.

In the third quarter of 2022, the GOG.COM catalogue expanded to include, among other things, The Elder Scrolls V: Skyrim, Middle-earth: Shadow of Mordor, Warhammer 40,000: Space Marine, The Cult of the Lamb, Mortal Kombat Trilogy, Baldur's Gate: Dark Alliance II, Mafia Trilogy, LEGO DC Super-Villains, Hard West 2, South of the Circle, Destroy All Humans! 2.

#### Sales promotion

Sales promotion in the digital distribution of games mainly consists of adding new items of interest to users to the catalogue and running seasonal promotional campaigns.

In the period discussed, in addition to the weekly promotions, special promotion campaigns took place on GOG.COM, including the GOG Sale, the Find Your Indie Sale, the Moon Festival Sale and the GOG Birthday Sale.

In July, August and September, GOG organized a series of promotional campaign with a national theme. These were the French Week, the Ukrainian Games Sale and the Made in DACH Sale, respectively, which celebrated and recognized the great games created and released in these specific markets. Each of these events featured special offers and releases from French, Ukrainian and German, Austrian and Swiss game developers, as well as dedicated editorials by the GOG.COM team.

On the occasion of the 20th anniversary of CD PROJEKT RED, GOG.COM organized a special sale campaign of all games from the Witcher and Cyberpunk 2077 series and held a giveaway of digital bonus materials from the studio's games.

## Other events

1 July 2022 saw the launch of the first ever coordinated Summer Internship Programme at CD PROJEKT RED. Out of the 3,571 applications received from those wishing to take up an internship (plus more than 1,200 applications in the Ukrainian programme), 31 interns were finally selected to begin their adventure with the gaming industry in various departments of the studio, in Warsaw, Kraków and Wrocław. After three months of internship, 25 people remained in the studio to develop their skills and work on developing new games.

In September 2022, after a four-year break, the Parent Company organized the Promised Land festival in Łódź. It is addressed to professional artists who want to develop their skills and exchange experiences with leading film and gaming professionals from around the world. The festival, organized in partnership with EC1 Łódź – City of Culture, attracted nearly 900 participants who attended more than 30 hours of workshops and were able to hear lectures by nearly 60 speakers.

5 September saw the launch of the second edition of the “Girls in the Game!” programme, organized by CD PROJEKT RED together with the Perspektywy Foundation, a scholarship and mentoring project in homage to Karolina Grochowska addressed to young girls from the final grades of secondary schools who would like to associate their career with the video games industry. The application period ended on 30 October. From among approximately 1,000 applications, 20 participants were selected and will have the opportunity to develop their skills under the guidance of CD PROJEKT RED experts, as well as receive a one-year study scholarship.

## Factors affecting the Group's future performance

For the future growth of the Company and the group, the ability to retain and offer growth opportunities to a team of 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 is of critical importance.

Strategic directions related to talent acquisition, team development and support and transformation of the game creation process are presented in the [CD PROJEKT Group Strategy Update of 2021](#) (including its discussion in the form of a [video commentary](#)) and in [CD PROJEKT Group Sustainable Development Report for 2021](#).

Material Group-specific external and internal factors which may negatively affect the Group's operations and development identified by the Management Board and the risk management system functioning within the Company are described in the risks section of the [Management Report on the operations of CD PROJEKT Group for 2021](#).

### Strategy update – Long-term product outlook

On 4 October 2022, the CD PROJEKT Group published the [Strategy Update](#) which expanded the last year's update, focusing on the long-term development of key projects. In the coming years, the studio plans to publish a number of productions in the Witcher and Cyberpunk franchises and to conduct internal development work on the third proprietary IP as part of which a game under the code name Hadar is planned to be created in future.

The CD PROJEKT Group announced opening a new hub in Boston (separate from The Molasses Flood studio) which, together with the growing Vancouver team, will become the CD PROJEKT RED North America studio. It will enable the group to access the North American talent pool.

Moreover, CD PROJEKT announced adding a multiplayer to the majority of the future project and continuing the idea of a franchise flywheel consisting of expanding an ecosystem of mutually growth-promoting products based on the potential of the franchises held. Consequently, the Group opened up to cooperation with external teams to ensure new, exciting ways of being in touch with the Group's brands and, at the same time, to facilitate focusing on creating revolutionary role-playing games for the internal team.

In the coming years, the perceived directions of the Groups strategic development are as follows:

- continuing to increase production capacity to provide more content to players while maintaining top quality;
- enhancing CD PROJEKT RED's game experiences with multiplayer features;
- continuing to expand franchises.





## CD PROJEKT RED

In the CD PROJEKT RED segment, expansion of the operations is directly linked to new projects implemented, the scale of their production and popularity among players. In this context, the current results of the CD PROJEKT Group are driven by the popularity of the games in the Cyberpunk and Witcher universe already issued by the Company, and in the coming periods they will be driven by the progress of the production work and the market reception of the successive productions realized by the Company.

In the perspective of the coming quarters, the activities of particular importance for the CD PROJEKT RED studio will include releasing the Witcher 3: Wild Hunt game, including expansions, in the version for new generation consoles and a premiere of a large expansion of Cyberpunk 2077 titled "Phantom Liberty" planned for 2023. These events should positively contribute to the level of sales revenue and the Group's net profit or loss in the periods discussed.

Another important process in the context of the development of the CD PROJEKT RED will be the continued integration of the developer work with the new engine, Unreal Engine 5, following the start of strategic cooperation with Epic Games in March 2022. The new engine used should contribute to making the process of games creation more efficient and enable the studio creators to focus on creative aspects of the video game productions. The strategic partnership assumes improving the UE5 engine in terms of handling "open world" games and adaptation and optimization of its elements to creative concepts of the next projects. It also involves dedicated technical support on the part of Epic Games for titles released by CD PROJEKT RED. Moreover, starting work on the UE5 engine broadens the perspectives for recruitment to the studio's development teams due to the good knowledge of the Unreal Engine technology among game creators.

## GOG.COM

In the GOG.COM segment, the growing consumer propensity to buy games in the so-called digital distribution model in recent years was a factor supporting sales, as well as, in 2020-2021, increased popularity of computer games in the period of restrictions relating to the COVID-10 pandemic.

For the further development of the GOG.COM platform, it is important to acquire further premiere products. GOG sp. z o.o. is proactively talking with leading international game developers and publishers, constantly expanding the range of suppliers and products on offer. Successive first releases of new games on GOG.COM each time contribute to increasing user activity and translate to sales growth. In addition to continuously expanding the list of products offered, expansion of GOG sp. z o.o.'s operations also requires growing the user base by reaching new players around the world who have not yet had an account on the GOG.COM platform. In this respect, in recent years, a constant growth of the number of users has been achieved, due to both own PR activities and synergies resulting from cooperation with CD PROJEKT S.A.

The results and development of the activities carried out as part of the GOG.COM segment, including acquisition of unique knowledge and experience and the full use of technological solutions possessed will be affected by the development of functionalities which support the sale of games on the platform, including better integration of monetization mechanisms of the GOG GALAXY application with the GOG.COM shop, as well as increased activity to expand the offer of classic games on the platform.

## Other

The growth of the CD PROJEKT Group will also be affected by development work and other activities undertaken by its subsidiary The Molasses Flood, which is working on a new game set up in the Witcher universe (code name Sirius) designed having in mind both the existing and new fans of the Witcher.

## Impact of the political and economic situation in Ukraine on sales during the reporting period

### Impact 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 in the territory of Russia and Belarus. The Parent Company estimates that in the 12 months since March 2021 to February 2022, the total share of Russia and Belarus in sales of products in the CD PROJEKT RED segment and in the sales of the GOG.COM segment amounted to, respectively, approximately 5.4% and approximately 3.7%.

### Risks associated with the current political and economic situation in Ukraine

The Parent Company continually monitors the impact of the current political and economic situation in Ukraine, Russia and Belarus on the activities of the CD PROJEKT Group. The Parent Company terminated cooperation with the Russian and Belarussian suppliers and is currently not considering engaging in new collaboration.

As of the publication date of these financial statements, the Group's operating activities are undisturbed and the effect of the Russian armed invasion of Ukraine does not have a significant negative impact on the Group's operations. In the opinion of the Management Board, the current political and economic situation in Ukraine does not affect the quantitative data presented in the



financial statements, has not resulted in any indications of impairment of assets, should not have a significant negative effect on the Group's results in the next quarter of 2022, and does not pose any risks to the Company's continuing as a going concern within 12 months of the end of the reporting period.

Given the unprecedented nature of the current situation and the related significant uncertainty, particularly the inability to predict the duration of the Russian invasion, as at the date of publication of these financial statements, it is impossible to reliably estimate the long-term impact of the invasion of the Russian armed forces on Ukraine on the long-term performance and condition of the Company and its Group. Any assessments and forecasts in this regard are uncertain and will be subject to further monitoring and analysis by the Group. The above assessment has been prepared to the best of the Company's knowledge at the date of preparing these financial statements.

## Seasonality or cyclicalities of the Group's operations

### CD PROJEKT RED

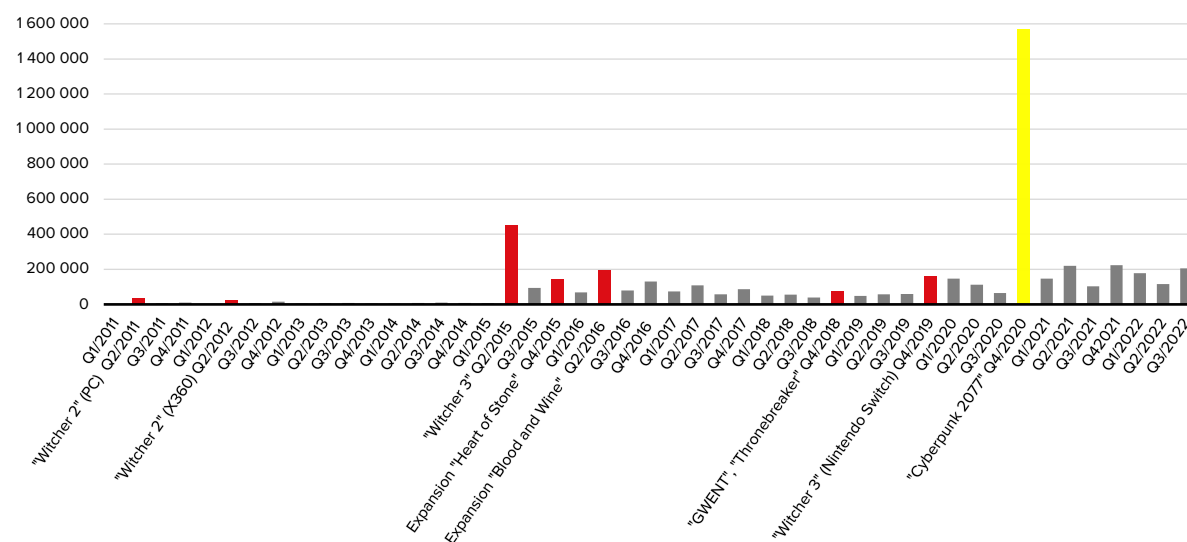
Segment revenues and results are strongly affected by the videogame release schedule. CD PROJEKT RED usually takes between 2 and 5 years to produce a game. Typically, initial development work on a new game starts before the production of the previous game has been completed and the game release to the market.

CD PROJEKT RED also engages in smaller-scale projects – such as add-ons for its own games or adapting the 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 from less than ten to below twenty months.

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.

In addition to pure development activities, the Company also actively develops its franchises in other fields, with a view to continually expanding its audience and exploring other types of media and platforms – with the anime series CYBERPUNK: EDGERUNNERS released on 13 September being a successful example.

**Chart1** Effect of new releases on the quarterly sales of products, goods for resale and materials of the CD PROJEKT RED segment in 2011-2022 (in PLN thousands)



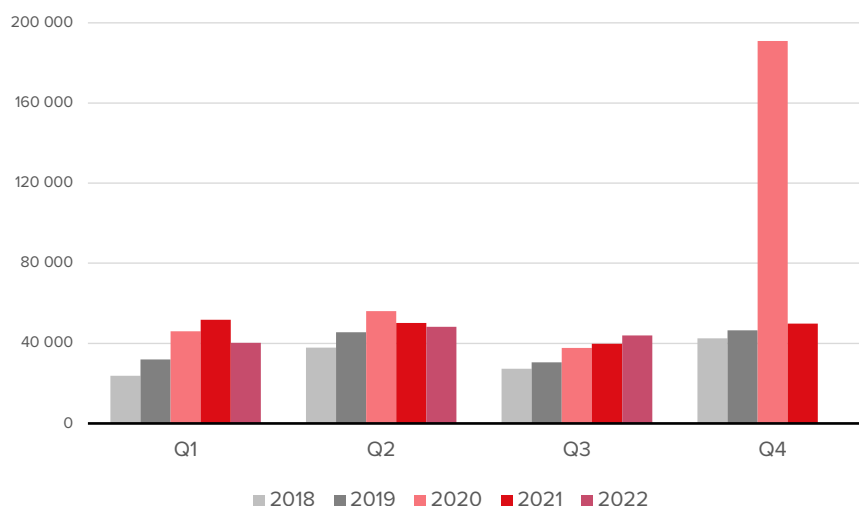


## GOG.COM

The digital videogame distribution market on which GOG.COM operates is characterized by seasonal fluctuations in revenues. On an annual basis, the highest revenues are typically obtained in the second and fourth quarter while the lowest revenues in the first and third quarter. Sales in the second and fourth quarters are temporarily boosted by promotional campaigns typically organized in these quarters.

The sales volume may also be strongly affected by the list of new products introduced in a given reporting period – a unique example of which is the revenue level in the fourth quarter of 2020 presented in the chart below related to the launch of the Cyberpunk 2077 game.

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



## Key customers

The CD PROJEKT Group cooperates with external customers whose share in the consolidated revenues of the Group exceeds 10%.

In the CD PROJEKT RED segment, the sales operations conducted by CD PROJEKT S.A. in cooperation with three customers generated sales in excess of 10% of the total consolidated sales of the Group (cumulatively up to the end of the third quarter of 2022), in the amount of PLN 185 087 thousand, 102 394 thousand and 70 401 thousand, i.e. 29.7%, 16.4% and 11.3% of the Group's total sales, respectively. The customers referred to above are not related to CD PROJEKT S.A. or its subsidiaries.

None of the other external customers of the Group exceeded the 10% threshold.



CD PROJEKT

## **Notes – other explanatory notes to the interim condensed consolidated financial statements**

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# **4**

## **Note 1. Description of those items affecting assets, liabilities, equity, net profit or loss and cash flows which are not typical in terms of their type, size and impact**

The following unusual events relating the CD PROJEKT RED segment had a material impact on the results, assets, liabilities & equity and cash flows of the CD PROJEKT Group in the third quarter of 2022 (which was not observed in the reference period):

- recognition of the income and costs relating to completing the production of CYBERPUNK: EDGERUNNERS anime series on a one-off basis in connection with its release on Netflix;
- recognition in the income statement (under corporate income tax) of a part of withholding tax collected in other jurisdictions on licence fees paid to the Parent Company, which is not deductible due to the application of a preferential IP Box tax rate.

## Note 2. Property, plant and equipment

Changes in property, plant and equipment (by category) for the period 01.01.2022 – 30.09.2022 \*

	Land	Buildings and structures	Civil and marine engineering facilities	Plant and machinery	Vehicles	Other fixed assets	Fixed assets under construction	Total
<b>Gross carrying amount as at 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>Increase due to:</b>	<b>-</b>	<b>4 659</b>	<b>277</b>	<b>7 341</b>	<b>609</b>	<b>687</b>	<b>13 221</b>	<b>26 794</b>
purchase	-	154	-	6 920	609	648	13 101	21 432
lease contracts concluded	-	4 154	4	-	-	-	-	4 158
transfer from investment properties	-	112	273	-	-	-	120	505
transfer from fixed assets under construction	-	239	-	34	-	39	-	312
reclassification	-	-	-	81	-	-	-	81
free of charge receipt	-	-	-	306	-	-	-	306
<b>Decrease due to:</b>	<b>-</b>	<b>816</b>	<b>212</b>	<b>2 625</b>	<b>739</b>	<b>173</b>	<b>424</b>	<b>4 989</b>
sale	-	-	-	288	739	-	-	1 027
disposal	-	816	212	2 104	-	92	24	3 248
transfer from fixed assets under construction	-	-	-	-	-	-	312	312
reclassification	-	-	-	-	-	81	88	169
other	-	-	-	233	-	-	-	233
<b>Gross carrying amount as at 30.09.2022</b>	<b>40 435</b>	<b>79 704</b>	<b>1 941</b>	<b>56 843</b>	<b>3 113</b>	<b>5 444</b>	<b>15 124</b>	<b>202 604</b>
<b>Accumulated depreciation at 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>-</b>	<b>61 211</b>
<b>Increase due to:</b>	<b>425</b>	<b>5 079</b>	<b>187</b>	<b>7 696</b>	<b>400</b>	<b>711</b>	<b>-</b>	<b>14 498</b>
depreciation charge	425	5 072	158	7 645	400	711	-	14 411
transfer from investment properties	-	7	29	-	-	-	-	36
reclassification	-	-	-	51	-	-	-	51
<b>Decrease due to:</b>	<b>-</b>	<b>964</b>	<b>76</b>	<b>2 621</b>	<b>753</b>	<b>122</b>	<b>-</b>	<b>4 536</b>
sale	-	-	-	279	739	-	-	1 018
disposal	-	816	76	2 085	-	71	-	3 048
reclassification	-	-	-	-	-	51	-	51
other	-	148	-	257	14	-	-	419
<b>Accumulated depreciation at 30.09.2022</b>	<b>1 675</b>	<b>23 912</b>	<b>669</b>	<b>40 220</b>	<b>1 439</b>	<b>3 258</b>	<b>-</b>	<b>71 173</b>
<b>Impairment write-downs as at 01.01.2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Impairment write-downs as at 30.09.2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount as at 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 at 30.09.2022</b>	<b>38 760</b>	<b>55 792</b>	<b>1 272</b>	<b>16 623</b>	<b>1 674</b>	<b>2 186</b>	<b>15 124</b>	<b>131 431</b>

\* restated data

### Amounts of contractual commitments to purchase property, plant and equipment in the future

	30.09.2022	30.06.2022	31.12.2021
Leasing of passenger cars	600	600	429
<b>Total</b>	<b>600</b>	<b>600</b>	<b>429</b>

### Right-of-use assets relating to property, plant and equipment

	30.09.2022		
	Gross amount	Accumulated depreciation	Net amount
Land	14 540	617	13 923
Real properties	12 106	7 932	4 174
Civil and marine engineering facilities	99	87	12
Vehicles	2 173	602	1 571
<b>Total</b>	<b>28 918</b>	<b>9 238</b>	<b>19 680</b>

	30.06.2022		
	Gross amount	Accumulated depreciation	Net amount
Land	14 540	566	13 974
Real properties	10 988	6 978	4 010
Civil and marine engineering facilities	103	73	30
Vehicles	2 142	458	1 684
<b>Total</b>	<b>27 773</b>	<b>8 075</b>	<b>19 698</b>

	31.12.2021		
	Gross amount	Accumulated depreciation	Net amount
Land	14 540	464	14 076
Real properties	8 037	6 698	1 339
Civil and marine engineering facilities	94	47	47
Vehicles	1 504	257	1 247
<b>Total</b>	<b>24 175</b>	<b>7 466</b>	<b>16 709</b>



### Note 3. Intangible assets and expenditure on development projects

Changes in intangible assets and expenditure on development projects for the period 01.01.2022 – 30.06.2022

	Expenditure on development projects in progress	Expenditure on completed development projects	Trademarks	Patents and licences	Copyright	Computer software	Goodwill	Intangible assets under construction	Total
<b>Gross carrying amount as at 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>Increase due to:</b>	<b>185 866</b>	<b>42 323</b>	<b>-</b>	<b>2 405</b>	<b>138</b>	<b>12 827</b>	<b>-</b>	<b>422</b>	<b>243 981</b>
purchase	-	-	-	2 405	30	12 724	-	422	15 581
assets internally generated	185 866	-	-	-	-	-	-	-	185 866
transfer from expenditure on development projects in progress	-	42 323	-	-	-	-	-	-	42 323
transfer from intangible assets under construction	-	-	-	-	108	-	-	-	108
reclassification	-	-	-	-	-	103	-	-	103
<b>Decrease due to:</b>	<b>63 438</b>	<b>-</b>	<b>-</b>	<b>103</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122</b>	<b>63 663</b>
disposal	283	-	-	-	-	-	-	-	283
utilization of impairment write-downs	20 806	-	-	-	-	-	-	-	20 806
transfer from expenditure on development projects in progress	42 323	-	-	-	-	-	-	-	42 323
transfer from intangible assets under construction	-	-	-	-	-	-	-	108	108
reclassification	26	-	-	103	-	-	-	14	143
<b>Gross carrying amount as at 30.09.2022</b>	<b>217 597</b>	<b>884 309</b>	<b>33 199</b>	<b>4 456</b>	<b>18 469</b>	<b>48 845</b>	<b>56 438</b>	<b>319</b>	<b>1 263 632</b>
<b>Accumulated depreciation at 01.01.2022</b>	<b>-</b>	<b>552 378</b>	<b>-</b>	<b>1 928</b>	<b>173</b>	<b>29 227</b>	<b>-</b>	<b>-</b>	<b>583 706</b>
<b>Increase due to:</b>	<b>-</b>	<b>85 373</b>	<b>-</b>	<b>716</b>	<b>93</b>	<b>3 199</b>	<b>-</b>	<b>-</b>	<b>89 381</b>
amortization charge	-	85 373	-	716	93	3 199	-	-	89 381
<b>Decreases</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated depreciation at 30.09.2022</b>	<b>-</b>	<b>637 751</b>	<b>-</b>	<b>2 644</b>	<b>266</b>	<b>32 426</b>	<b>-</b>	<b>-</b>	<b>673 087</b>
<b>Impairment write-downs as at 01.01.2022</b>	<b>20 806</b>	<b>13 776</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34 582</b>
<b>Increase due to:</b>	<b>911</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>911</b>
impairment	911	-	-	-	-	-	-	-	911
<b>Decrease due to:</b>	<b>20 806</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20 806</b>
reversal of write-downs (write-off)	20 806	-	-	-	-	-	-	-	20 806
<b>Impairment write-downs as at 30.09.2022</b>	<b>911</b>	<b>13 776</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14 687</b>
<b>Net carrying amount as at 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 at 30.09.2022</b>	<b>216 686</b>	<b>232 782</b>	<b>33 199</b>	<b>1 812</b>	<b>18 203</b>	<b>16 419</b>	<b>56 438</b>	<b>319</b>	<b>575 858</b>

## Amounts of contractual commitments to purchase intangible assets in future

Not applicable.

## Note 4. Goodwill

There were no changes in goodwill in the period from 1 July to 30 September 2022.

## Note 5. Investment properties

The Parent Company owns a real estate complex located at ul. Jagiellońska 76 in Warsaw. Given that part of the properties purchased is leased out to third parties, including CD PROJEKT Group companies, the Group decided to partly classify these properties as investment properties. The remaining part of the property is used for own needs of the activities conducted.

The Group measures the properties purchased at cost less accumulated depreciation.

### Change in investment properties for the period 01.01.2022 – 30.09.2022\*

<b>Gross carrying amount as at 01.01.2022</b>	<b>48 170</b>
<b>Increase due to:</b>	<b>214</b>
capitalized expenditure	214
<b>Decrease due to:</b>	<b>505</b>
reclassification to other asset categories	505
<b>Gross carrying amount as at 30.09.2022</b>	<b>47 879</b>
<b>Accumulated depreciation at 01.01.2022</b>	<b>3 536</b>
<b>Increase due to:</b>	<b>1 418</b>
depreciation charge	1 418
<b>Decrease due to:</b>	<b>36</b>
reclassification to other asset categories	36
<b>Accumulated depreciation at 30.09.2022</b>	<b>4 918</b>
<b>Impairment write-downs as at 01.01.2022</b>	<b>-</b>
<b>Increase</b>	<b>-</b>
<b>Decreases</b>	<b>-</b>
<b>Impairment write-downs as at 30.09.2022</b>	<b>-</b>
<b>Net carrying amount as at 30.09.2022</b>	<b>42 961</b>

\* restated data

### Contractual liabilities on purchase of investment properties

Not applicable.

## Note 6. Inventories

	30.09.2022	30.06.2022	31.12.2021
Goods for resale	14 488	15 121	15 843
Other materials	4	15	43
<b>Gross inventories</b>	<b>14 492</b>	<b>15 136</b>	<b>15 886</b>
Inventory write-downs	-	-	-
<b>Net inventories</b>	<b>14 492</b>	<b>15 136</b>	<b>15 886</b>

### Change in inventory write-downs

Not applicable.

## Note 7. Trade and other receivables

	30.09.2022	30.06.2022	31.12.2021
<b>Trade and other receivables, gross</b>	<b>197 397</b>	<b>116 184</b>	<b>240 288</b>
<b>Write-downs</b>	<b>828</b>	<b>819</b>	<b>811</b>
<b>Trade and other receivables</b>	<b>196 569</b>	<b>115 365</b>	<b>239 477</b>
from related entities	1 383	1 556	1 238
from other entities	195 186	113 809	238 239

### Change in write-downs of receivables

	Trade receivables	Other receivables	Total
<b>OTHER ENTITIES</b>			
<b>Write-downs as at 01.01.2022</b>	<b>79</b>	<b>732</b>	<b>811</b>
<b>Increases, including:</b>	<b>17</b>	<b>-</b>	<b>17</b>
write-downs recognized for past-due and disputed receivables	17	-	17
<b>Decreases</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Write-downs as at 30.09.2022</b>	<b>96</b>	<b>732</b>	<b>828</b>

## Current and overdue trade receivables as at 30.09.2022

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
RELATED ENTITIES							
gross receivables	1 382	238	-	-	-	1 144	-
default ratio		0%	0%	0%	0%	0%	0%
write-down resulting from the ratio	-	-	-	-	-	-	-
write-down determined individually	-	-	-	-	-	-	-
total expected credit losses	-	-	-	-	-	-	-
Net receivables	1 382	238	-	-	-	1 144	-

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	145 960	145 397	413	-	11	43	96
default ratio		0%	0%	0%	0%	0%	0%
write-down resulting from the ratio	-	-	-	-	-	-	-
write-down determined individually	96	-	-	-	-	-	96
total expected credit losses	96	-	-	-	-	-	96
Net receivables	145 864	145 397	413	-	11	43	-

<b>Total</b>							
gross receivables	147 342	145 635	413	-	11	1 187	96
impairment write-downs	96	-	-	-	-	-	96
<b>Net receivables</b>	<b>147 246</b>	<b>145 635</b>	<b>413</b>	<b>-</b>	<b>11</b>	<b>1 187</b>	<b>-</b>

## Other receivables

	30.09.2022	30.06.2022	31.12.2021*
<b>Other gross receivables, including:</b>	<b>50 055</b>	<b>52 877</b>	<b>114 916</b>
tax receivables, other than corporate income tax	36 816	40 163	77 067
prepayments for inventories	7 095	6 892	5 391
prepayments for development projects	3 860	3 649	30 435
security deposits	1 108	1 050	998
prepayments for property, plant and equipment and intangible assets	141	75	34
provisions for sales revenue – prepayments	41	121	67
settlements with employees	13	7	5
settlements with members of the Management Boards of the Group companies	1	7	7
prepayments on investment properties	-	-	79
other	980	913	833
<b>Write-downs</b>	<b>732</b>	<b>732</b>	<b>732</b>
<b>Other receivables, including:</b>	<b>49 323</b>	<b>52 145</b>	<b>114 184</b>
current	48 536	51 411	113 498
non-current	787	734	686

\* restated data

## Note 8. Other financial assets

	30.09.2022	30.06.2022	31.12.2021
Loans granted	-	-	8 890
Bonds	486 489	493 161	477 415
Derivative financial instruments	682	-	-
<b>Other financial assets, including:</b>	<b>487 171</b>	<b>493 161</b>	<b>486 305</b>
current	289 662	319 572	307 765
non-current	197 509	173 589	178 540

## Note 9. Prepayments and deferred costs

	30.09.2022	30.06.2022	31.12.2021
Minimum guarantees, advance payments and prepayments GOG.COM	45 218	32 604	15 230
Software, licences	6 381	6 323	3 905
Costs of future marketing services	1 642	1 686	1 734
Fees for pre-emptive rights	1 298	1 324	1 378
Costs of repairs and maintenance	1 222	1 304	1 470
Property and personal insurance	769	146	525
Costs of IT security resources	409	543	421
Business travel (tickets, hotels, insurance)	278	360	64
Fees for perpetual usufruct of land	71	142	-
Participation in fairs	13	124	7
Marketing campaigns	-	-	19
Other prepayments and deferred costs	385	408	444
<b>Prepayments and deferred costs, including:</b>	<b>57 686</b>	<b>44 964</b>	<b>25 197</b>
current	28 067	20 717	13 763
non-current	29 619	24 247	11 434

## Note 10. Deferred income tax

### Deductible temporary differences underlying the deferred tax asset

	31.12.2021*	Differences affecting the deferred tax recognized in the profit or loss	30.09.2022
Provision for other employee benefits	387	-	387
Provision for costs of performance-related and other remuneration	39 543	(9 873)	29 670
Tax loss	15 133	(7 877)	7 256
Foreign exchange losses	3 275	3 273	6 548
Difference between the carrying and tax amount of expenditure on development projects	24 780	(22 640)	2 140
Salaries and wages and social security payable in future periods	61	(15)	46
Deferred income in respect of virtual wallet top-ups and fringe benefit scheme	3 401	488	3 889
Other provisions	48 839	(24 017)	24 822
Research and development relief	303 891	-	303 891
Prepayments recognized as revenue for tax purposes	1 469	4 284	5 753
Difference between the net carrying amount and tax amount of property, plant and equipment and intangible assets	12	-	12
Measurement of forward contracts	142	(142)	-
Other	83	289	372
<b>Total deductible differences, including:</b>	<b>441 016</b>	<b>(56 230)</b>	<b>384 786</b>
taxed at 5%	60 423	(22 929)	37 494
taxed at 19%	379 384	(33 601)	345 783
deferred tax charged abroad	1 209	300	1 509
<b>Deferred income tax asset</b>	<b>75 350</b>	<b>(7 477)</b>	<b>67 873</b>

\* restated data

### Taxable temporary differences underlying the deferred tax provision

	31.12.2021*	Differences affecting the deferred tax recognized in the profit or loss	30.09.2022
Difference between the net carrying amount and tax amount of property, plant and equipment and intangible assets	14 431	876	15 307
Current period revenue invoiced in the subsequent period/accrued income	129 257	8 171	137 428
Foreign exchange gains	14 963	(13 111)	1 852
Difference between the carrying and tax amount of expenditure on development projects	272 934	(45 005)	227 929
Measurement of forward contracts	-	682	682
Other	86	182	268
<b>Total taxable differences, including:</b>	<b>431 671</b>	<b>(48 205)</b>	<b>383 466</b>
taxed at 5%	386 324	(51 593)	334 731
taxed at 19%	45 347	3 388	48 735
<b>Deferred tax provision</b>	<b>27 932</b>	<b>(1 936)</b>	<b>25 996</b>

\* restated data

The deferred part of the income tax was determined either at the corporate income tax rate of 19% for the tax base corresponding to income from other sources, or at the rate of 5% for the tax base corresponding to income from qualifying intellectual property (the so-called IP BOX). When determining the appropriate tax rate for temporary differences, the Group relied on forecasts of which tax base will give rise to the realization of the temporary differences recognized.

### Net deferred tax asset/provision

	30.09.2022	30.06.2022	31.12.2021
Deferred income tax assets	67 873	69 929	75 350
Deferred tax provision	25 996	29 494	27 932
<b>Net deferred tax - assets/(provisions)</b>	<b>41 877</b>	<b>40 435</b>	<b>47 418</b>

### Income tax expense recognized in the income statement

	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
Current income tax, including:	14 776	47 638	6 634	60 566
withholding tax paid abroad	6 722	31 356	(317)	(314)
Change in deferred tax	(1 442)	5 541	(6 576)	(49 689)
<b>Income tax expense recognized in the income statement</b>	<b>13 334</b>	<b>53 179</b>	<b>58</b>	<b>10 877</b>

### Note 11. Provision for retirement and similar benefits

	30.09.2022	30.06.2022	31.12.2021
Provision for retirement and disability bonuses	387	387	387
<b>Total, including:</b>	<b>387</b>	<b>387</b>	<b>387</b>
current	7	7	7
non-current	380	380	380

During the period from 1 July to 30 September 2022 there were no changes in provisions for retirement and similar benefits.

### Note 12. Other provisions

	30.09.2022	30.06.2022	31.12.2021
<b>Provision for liabilities, including:</b>	<b>58 865</b>	<b>39 407</b>	<b>88 410</b>
provision for costs of the audit and review of the financial statements	68	69	160
provision for costs of external services	1 232	1 360	1 042
provision for costs of performance-related and other remuneration	41 402	22 128	44 856
provision for other costs	16 163	15 850	42 352
<b>Total, including:</b>	<b>58 865</b>	<b>39 407</b>	<b>88 410</b>
current	54 395	38 916	83 042
non-current	4 470	491	5 368



## Change in other provisions

	Provision for costs of performance-related and other remuneration	Other provisions	Total
<b>As at 01.01.2022</b>	<b>44 856</b>	<b>43 554</b>	<b>88 410</b>
Provisions recorded during the year	41 407	29 825	71 232
Provisions utilized	44 561	55 759	100 320
Provision released	300	157	457
<b>As at 30.09.2022, including:</b>	<b>41 402</b>	<b>17 463</b>	<b>58 865</b>
current	41 402	12 993	54 395
non-current	-	4 470	4 470

## Note 13. Other liabilities

	30.09.2022	30.06.2022	31.12.2021
<b>Taxes (other than corporate income tax), customs duty, social security and other payables</b>	<b>8 451</b>	<b>9 131</b>	<b>9 536</b>
VAT	3 909	4 324	5 515
Withholding tax	767	785	905
Personal income tax	1 488	1 442	1 835
Social security contributions	2 143	2 463	1 164
State Disabled Persons Fund (PFRON)	66	68	56
PIT-8AR (personal income tax) settlements	78	49	61
<b>Other liabilities</b>	<b>3 108</b>	<b>103 931</b>	<b>3 366</b>
Liabilities in respect of pre-emptive rights and costs of future marketing services	2 680	2 740	2 860
Other settlements with employees	102	136	125
Other settlements with members of the Management Boards	6	-	36
Dividends payable	-	100 739	-
Prepayments received from foreign customers	-	-	13
Other liabilities	320	316	332
<b>Total other liabilities</b>	<b>11 559</b>	<b>113 062</b>	<b>12 902</b>
current	8 879	110 322	10 042
non-current	2 680	2 740	2 860

## Note 14. Deferred income

	30.09.2022	30.06.2022	31.12.2021
Subsidies	5 976	7 347	8 277
Sales relating to future periods	14 483	11 628	25 715
GOG wallet	4 268	4 166	3 947
Rental of company phones	40	45	33
<b>Deferred income, including:</b>	<b>24 767</b>	<b>23 186</b>	<b>37 972</b>
current	20 632	17 682	31 548
non-current	4 135	5 504	6 424

## Note 15. Information on financial instruments

### Fair values and hierarchy of specific classes of financial instruments

The Management Boards of the Group analysed specific classes of financial instruments. Based on the analysis, it was concluded that the carrying amounts of the instruments do not materially differ from their fair values, as at both 30 September 2022, 30 June 2022 and 31 December 2021.

	30.09.2022	30.06.2022	31.12.2021*
<b>LEVEL 1</b>			
<b>Assets measured at fair value</b>			
<b>Assets measured at fair value through other comprehensive income</b>	<b>269 169</b>	<b>249 800</b>	<b>228 661</b>
bonds issued by foreign governments – EUR	26 164	25 318	24 517
bonds issued by foreign governments – USD	243 005	224 482	204 144
<b>LEVEL 2</b>			
<b>Assets measured at fair value through profit or loss</b>			
<b>Derivatives</b>	<b>682</b>	-	-
currency forwards – EUR	46	-	-
currency forwards – USD	636	-	-
<b>Liabilities measured at fair value through profit or loss</b>			
<b>Derivatives</b>	<b>28 701</b>	<b>20 528</b>	<b>18 047</b>
currency forwards – EUR	471	147	486
currency forwards – USD	28 230	20 381	17 561

\* restated data

Financial Instruments measured at fair value are classified to 3-stage fair value hierarchy:

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

Level 2 – fair value based on observable market data.

Level 3 – fair value based on market data that is not observable in the market.

## Financial assets – classification and measurement

	30.09.2022	30.06.2022	31.12.2021
<b>Financial assets measured at amortized cost</b>	<b>974 586</b>	<b>992 344</b>	<b>1 060 209</b>
Other non-current receivables	787	734	686
Trade receivables	147 246	63 220	125 293
Cash and cash equivalents	198 689	685 029	411 586
Bank deposits over 3 months	410 544	-	265 000
Treasury bonds and bonds guaranteed by the State Treasury	217 320	243 361	248 754
Loans granted	-	-	8 890
<b>Financial assets measured at fair value through profit or loss:</b>	<b>682</b>	<b>-</b>	<b>-</b>
Derivative financial instruments	682	-	-
<b>Assets measured at fair value through other comprehensive income</b>	<b>269 169</b>	<b>249 800</b>	<b>228 661</b>
Bonds issued by foreign governments	269 169	249 800	228 661
<b>Total financial assets</b>	<b>1 244 437</b>	<b>1 242 144</b>	<b>1 288 870</b>

## Financial liabilities – classification and measurement

	30.09.2022	30.06.2022	31.12.2021*
<b>Financial liabilities measured at amortized cost</b>	<b>101 535</b>	<b>96 852</b>	<b>82 215</b>
Trade payables	67 726	64 042	53 380
Other financial liabilities	33 809	32 810	28 835
<b>Financial liabilities measured at fair value through profit or loss</b>	<b>28 701</b>	<b>20 528</b>	<b>18 047</b>
Derivative financial instruments	28 701	20 528	18 047
<b>Total financial liabilities</b>	<b>130 236</b>	<b>117 380</b>	<b>100 262</b>

\* restated data

In accordance with the requirements of **IFRS 9 Financial Instruments**, the Parent Company analysed the business model for managing financial assets and examined the characteristics of contractual cash flows for each component of the bond portfolio, and concluded that:

- the purpose of investments in domestic and foreign Treasury bonds and domestic bonds guaranteed by the Polish State Treasury is to hold them to maturity and to collect contractual cash flows;
- investment mandates for managing the foreign bonds portfolio allow selling bonds before maturity as part of the adopted strategy;
- all bonds purchased meet the SPPI test.

As a result of the analysis conducted, purchased bonds were classified into two financial asset management models which differ in terms of the entity managing the bond portfolio. Polish Treasury bonds and bonds guaranteed by the Polish State Treasury are measured at amortized cost, because they are held to collect contractual cash flows. Foreign Treasury bonds are measured at fair value through other comprehensive income, because of the investment mandate which allows the possibility of the portfolio to be managed by an Asset Manager.

## Note 16. Sales revenue

### Sales revenue – geographical structure 2022\*\*

	01.07.2022 – 30.09.2022		01.01.2022 – 30.09.2022	
	in PLN	in %	in PLN	in %
<b>Domestic sales</b>	<b>7 474</b>	<b>3.04%</b>	<b>22 337</b>	<b>3.58%</b>
<b>Export sales, including:</b>	<b>238 040</b>	<b>96.96%</b>	<b>601 170</b>	<b>96.42%</b>
Europe	35 513	14.46%	111 951	17.96%
North America	185 753	75.67%	433 794	69.57%
South America	881	0.36%	2 411	0.39%
Asia	14 055	5.72%	47 029	7.54%
Australia	1 788	0.73%	5 735	0.92%
Africa	50	0.02%	250	0.04%
<b>Total</b>	<b>245 514</b>	<b>100%</b>	<b>623 507</b>	<b>100%</b>

### Sales revenue – geographical structure 2021\*\*

	01.07.2021 – 30.09.2021*		01.01.2021 – 30.09.2021*	
	in PLN	in %	in PLN	in %
<b>Domestic sales</b>	<b>9 280</b>	<b>6.42%</b>	<b>18 992</b>	<b>3.09%</b>
<b>Export sales, including:</b>	<b>135 183</b>	<b>93.58%</b>	<b>596 117</b>	<b>96.91%</b>
Europe	33 546	23.22%	85 580	13.91%
North America	87 073	60.28%	453 838	73.77%
South America	599	0.41%	2 071	0.34%
Asia	11 840	8.20%	48 416	7.88%
Australia	1 991	1.38%	5 823	0.95%
Africa	134	0.09%	389	0.06%
<b>Total</b>	<b>144 463</b>	<b>100%</b>	<b>615 109</b>	<b>100%</b>

\* restated data

Sales revenue from export sales in Europe includes sales from the Russian market. In previous financial statements, the Russian market was disclosed under Asia.

\*\* The data presented relates to the place of residence of the customers of the Group companies: for CD PROJEKT S.A. – distributors, and for retail sales conducted by GOG sp. z o.o., CD PROJEKT RED STORE sp. z o.o., CD PROJEKT Inc. – end customers.

### Sales revenue – by type of production

	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
Own production	203 189	489 057	104 262	471 248
Third party production	42 017	132 828	39 781	139 729
Other revenue	308	1 622	420	4 132
<b>Total</b>	<b>245 514</b>	<b>623 507</b>	<b>144 463</b>	<b>615 109</b>

## Sales revenue – by distribution channel

	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
Games – box issues	1 640	19 076	4 082	57 111
Games – digital issues	194 033	540 872	130 794	533 806
Other revenue	49 841	63 559	9 587	24 192
<b>Total</b>	<b>245 514</b>	<b>623 507</b>	<b>144 463</b>	<b>615 109</b>

## Note 17. Operating expenses

	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
Depreciation and amortization of property, plant and equipment, intangible assets, expenditure on development projects and investment properties, including:	3 425	10 771	4 396	13 284
depreciation on leased buildings	394	1 291	505	1 615
depreciation of leased vehicles	115	288	55	187
Materials and energy used	964	2 181	443	2 081
External services, including:	28 345	84 019	31 497	100 235
costs of short-term leases and low value leases	175	518	116	348
Taxes and fees	533	1 086	292	872
Salaries and wages, social insurance and other benefits	36 932	106 596	41 344	145 336
Business travel	1 078	1 640	266	334
Cost of using company cars	55	172	65	161
Cost of goods for resale and materials sold	30 598	94 921	29 710	103 997
Costs of products and services sold	48 602	85 640	23 217	111 126
Other costs	914	2 411	250	1 620
<b>Total</b>	<b>151 446</b>	<b>389 437</b>	<b>131 480</b>	<b>479 046</b>
Selling expenses	54 379	155 720	55 322	186 505
Total administrative expenses, including:	17 867	53 156	23 231	77 418
cost of research work	404	4 308	1 718	16 170
Cost of sales	79 200	180 561	52 927	215 123
<b>Total</b>	<b>151 446</b>	<b>389 437</b>	<b>131 480</b>	<b>479 046</b>

## Note 18. Other operating income and expenses

### Other operating income

	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
Other sales	3 296	3 337	52	118
Write-off of past liabilities of the GOG.COM segment	2 230	2 230	-	-
Subsidies	1 823	2 754	1 898	1 934
Rental income	1 696	5 046	1 577	4 602
Release of provisions for minimum guarantees	-	376	-	-
Fixed assets and goods for resale received free of charge	306	306	283	284
Gains on disposal of non-current assets	256	265	3	4
Income from re-invoicing	197	595	303	861
Release of unused provisions for costs	-	232	274	408
Settlement of the financial liabilities in respect of leases	-	-	18	18
Damages received	-	2	454	457
Other	15	61	53	82
<b>Total other operating income</b>	<b>9 819</b>	<b>15 204</b>	<b>4 915</b>	<b>8 768</b>

### Other operating expenses

	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
Cost of sales of other sales	3 925	3 957	35	35
Cost of rental	994	2 825	804	2 948
Impairment write-downs of tangible fixed assets, intangible assets and expenditure on development work	911	911	-	-
Depreciation of investment properties	462	1 391	454	1 330
Costs relating to re-invoicing	197	595	303	862
Donations	89	1 312	50	67
Cost of destruction of materials and goods for resale	12	2 771	1	482
Disposal of fixed assets and intangible assets	-	483	593	693
Disposal of investment properties	-	-	-	51
Help Me Refund – funds to be returned	-	-	-	33
Inventory count deficits	-	-	-	7
VAT written off	-	-	4	8
Other	193	447	17	59
<b>Total other operating expenses</b>	<b>6 783</b>	<b>14 692</b>	<b>2 261</b>	<b>6 575</b>

## Note 19. Finance income and costs

### Finance income

	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
<b>Interest income</b>	<b>9 344</b>	<b>27 363</b>	<b>322</b>	<b>729</b>
on current bank deposits	5 794	14 811	-	41
on bonds	3 550	12 337	274	578
on loans	-	215	48	110
<b>Other finance income</b>	<b>23 875</b>	<b>41 226</b>	<b>9 662</b>	<b>11 658</b>
net foreign exchange gains	15 890	11 907	7 696	-
gain on redemption of bonds	4 929	22 437	-	-
settlement and measurement of derivative financial instruments	3 056	6 880	1 966	11 648
forward contracts – Management Board	-	2	-	7
other finance income	-	-	-	3
<b>Total finance income</b>	<b>33 219</b>	<b>68 589</b>	<b>9 984</b>	<b>12 387</b>

### Finance costs

	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
<b>Interest expense</b>	<b>206</b>	<b>923</b>	<b>346</b>	<b>1 153</b>
on bonds	39	240	204	620
on lease contracts	137	404	101	441
on liabilities to the State Treasury	30	278	40	91
on trade payables	-	1	1	1
<b>Other finance costs</b>	<b>18 070</b>	<b>36 590</b>	<b>8 870</b>	<b>17 217</b>
net foreign exchange losses	-	-	-	15 637
settlement and measurement of derivative financial instruments	17 990	36 343	8 787	-
loss on redemption of bonds	-	-	-	1 305
commission and fees on purchase of bonds	80	247	83	275
<b>Total finance costs</b>	<b>18 276</b>	<b>37 513</b>	<b>9 216</b>	<b>18 370</b>
<b>Net finance income/expense</b>	<b>14 943</b>	<b>31 076</b>	<b>768</b>	<b>(5 983)</b>

## Note 20. Leases of low-value assets and short-term leases

The Group concluded lease contracts for office equipment (multifunctional photocopiers, kitchen appliances) and residential premises which potentially meet recognition criteria for leases under the new IFRS 16. However, the Group considered these contracts to be short-term leases and leases of low-value assets and decided not to apply the new requirements for leases to these assets, as permitted by paragraph 5 of the standards. In such cases, lease payments are charged to costs of the period to which they relate, either on a straight-line basis or in some other systematic way that reflects the distribution of costs over the life of the contract (information on the cost of these leases incurred in the period from 1 July to 30 September 2022 is included in Note 17).

As at 30 September 2022, 30 June 2022 and 31 December 2021, future minimum payments in respect of irrevocable short-term leases and leases of low-value assets were as follows:

	30.09.2022	30.06.2022	31.12.2021
Up to 1 year	138	226	121
From 1 to 5 years	140	131	149
<b>Total</b>	<b>278</b>	<b>357</b>	<b>270</b>

## Note 21. Issue, redemption and repayment of debt and equity securities

### Issue of debt securities

Not applicable.

### Issue of equity securities

Specification	30.09.2022	30.06.2022	31.12.2021
Number of shares in thousands	100 739	100 739	100 739
Par value of shares in PLN	1	1	1
<b>Share capital</b>	<b>100 739</b>	<b>100 739</b>	<b>100 739</b>

## Note 22. Dividend paid (or declared) and received

On 28 June 2022, the Annual General Meeting of Shareholders of CD PROJEKT S.A. made a decision to allocate a part of the profit earned by the Parent Company in 2021 for distribution among the shareholders in the form of dividend. In accordance with the resolution, on 12 July 2022 the Parent Company paid out a total of PLN 100 739 thousand, i.e. PLN 1 per share. 100 738 800 shares of the Parent Company carried the right to a dividend.

## Note 23. Transactions with related entities

### Terms and conditions of transactions with related entities

The terms and conditions of intra-group transactions were determined on an arm's length basis. The essence of this principle is based on the premise that the terms and conditions agreed in transactions between related parties should not differ from those that would be agreed between independent parties in a comparable situation.

In the process of determining prices in controlled transactions related entities belonging to the CD PROJEKT Group refer to methods provided for in OECD Guidelines and in the national legislation, including the safe harbour legislation. The selection of an appropriate method of verifying transfer prices is preceded by a detailed analysis of each transaction which involves, among other things, the distribution of functions between parties to the transaction, assets engaged by the parties and the distribution of risks. Prices are determined using the most appropriate method for a given type of transaction in such a way that the terms of transactions between the CD PROJEKT Group companies correspond to the terms which independent entities would agree to adopt in comparable circumstances.



## Transactions with related entity after consolidation eliminations

	Sales to related entities				Purchases from related entities			
	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
<b>SUBSIDIARIES</b>								
CD PROJEKT Co., Ltd. (liquidated)	-	-	-	-	-	-	1 016	4 171
Spokko sp. z o.o.	324	1 061	684	1 071	-	-	-	-
CD PROJEKT RED Vancouver Studio Ltd.	4	33	-	-	4 342	12 124	1 648	1 648
The Molasses Flood LLC	2	2	-	-	9 737	20 048	-	-
<b>MEMBERS OF THE MANAGEMENT BOARDS OF GROUP COMPANIES</b>								
Marcin Iwiński	-	1	2	18	-	-	-	-
Adam Kiciński	-	-	-	4	-	-	-	-
Piotr Nielubowicz	-	2	2	7	-	-	-	-
Michał Nowakowski	2	5	1	11	-	-	-	-
Adam Badowski	1	6	-	1	-	-	-	-
Piotr Karwowski	2	6	1	3	-	-	-	-
Urszula Jach - Jaki	-	1	-	1	-	-	-	-
Maciej Gołębiewski	-	1	-	-	-	-	-	-
Paweł Zawodny	-	7	-	-	-	-	-	-
Jeremiah Cohn	-	1	-	-	-	-	-	-

	Receivables from related entities			Liabilities to related entities		
	30.09.2022	30.06.2022	31.12.2021	30.09.2022	30.06.2022	31.12.2021
<b>SUBSIDIARIES</b>						
Spokko sp. z o.o.	238	445	9 113	-	-	-
CD PROJEKT RED Vancouver Studio Ltd.	1 144	1 104	1 008	465	419	164
The Molasses Flood LLC	-	-	-	2 530	995	1 019
<b>MEMBERS OF THE MANAGEMENT BOARDS OF GROUP COMPANIES</b>						
Marcin Iwiński	-	-	-	-	-	19
Adam Kiciński	-	-	-	-	-	5
Michał Nowakowski	-	-	-	1	-	7
Adam Badowski	1	1	7	-	-	5
Urszula Jach - Jaki	-	-	-	5	-	-
Paweł Zawodny	-	6	-	-	-	-



**Note 24. Unpaid loans or defaults on loan agreements in cases where no corrective measures were adopted by the balance sheet date**

Not applicable.

## Note 25. Changes in contingent liabilities or contingent assets which occurred after the end of the last financial year

### Contingent liabilities in respect of guarantees, sureties and collateral

	Specification	Currency	30.09.2022	30.06.2022	31.12.2021
<b>mBank S.A.</b>					
Voluntary submission to execution	Agreement for payment cards	PLN	920	920	920
Bill of exchange agreement	Framework agreement on financial market transactions	PLN	50 000	50 000	50 000
Bill of exchange agreement	Bank guarantee securing a rental contract	PLN	-	-	667
Bill of exchange agreement	Bank guarantee securing a rental contract	PLN	427	427	-
<b>Ingenico Group S.A. (previously: Global Collect Services BV)</b>					
Contractual surety	Surety against liabilities of GOG sp. z o.o.	EUR	-	-	155
<b>Mazowiecka Jednostka Wdrażania Programów Unijnych</b>					
Contractual commitment	Commitment to incur operating and renovation expenditures on leased space	PLN	21	23	58
<b>Narodowe Centrum Badań i Rozwoju</b>					
Bill of exchange agreement	Subsidy agreement POIR.01.02.00-00-0105/16	PLN	7 711	7 711	7 711
Bill of exchange agreement	Subsidy agreement POIR.01.02.00-00-0110/16	PLN	3 846	3 846	3 846
Bill of exchange agreement	Subsidy agreement POIR.01.02.00-00-0112/16	PLN	3 692	3 692	3 692
Bill of exchange agreement	Subsidy agreement POIR.01.02.00-00-0118/16	PLN	1 358	5 324	5 324
Bill of exchange agreement	Subsidy agreement POIR.01.02.00-00-0120/16	PLN	1 204	1 204	1 204
<b>Pekao Leasing Sp. z o.o.</b>					
Bill of exchange agreement	Lease contract 37/1991/21	PLN	352	388	442

**Santander Bank Polska S.A. (previously: BZ WBK S.A.)**

Bill of exchange agreement	Framework agreement on financial market transactions	PLN	23 500	23 500	23 500
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**Bank Polska Kasa Opieki Spółka Akcyjna**

Bill of exchange agreement	Framework agreement on financial market transactions	PLN	50 000	50 000	35 000
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**BNP Paribas Bank Polska S.A.**

Bill of exchange agreement	Framework agreement on financial market transactions	PLN	26 600	26 600	26 600
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## Note 26. Changes in the structure of the Group and Group companies during the reporting period

On 20 July 2022, an increase in the share capital of Spokko sp. z o.o. was entered in the Register of Businesses. The increase resulted from the adoption on 24 May 2022 by the Extraordinary Shareholders Meeting of that company of a resolution on an increase in the share capital. The share capital of Spokko sp. z o.o. was increased by creating 589 new shares of PLN 50.00 par value each, i.e. from PLN 25 000.00 to PLN 54 450.00. 584 newly created shares in the increased share capital were taken up by CD PROJEKT S.A., and the remaining 5 shares, by one of the Company's shareholders, Maciej Weiss. As a result of the said transactions, the share capital of CD PROJEKT S.A. in the voting rights and the capital of Spokko sp. z o.o. increased from 74.0% to 87.6%.

On 8 August 2022, the Extraordinary Shareholders Meeting of CD PROJEKT RED STORE sp. z o.o. adopted a resolution on increasing the share capital of that company by creating 100 new shares with a par value of PLN 50 each, i.e. from PLN 24 000.00 to PLN 29 000.00. All newly created shares were taken up by CD PROJEKT S.A. i.e. the sole shareholder. The newly created shares were fully paid up by a contribution in cash of PLN 500 000.00. The share premium was recognized as part of the company's supplementary capital. The increase in the share capital was registered in the Register of Businesses of the National Court Register on 17 August 2022.

On 17 September 2022, the Parent Company received confirmation of completing the process of liquidation of its subsidiary CD PROJEKT Co., Ltd. 7 June 2022 was indicated as the date of the effective completion of the liquidation of that company.

On 26 September 2022, the share capital of CD PROJEKT RED Vancouver Studio Ltd. was increased. As part of the increase, 640 000 new shares in that company were created. All newly created shares were taken up by CD PROJEKT S.A. i.e. the sole shareholder. The newly created shares were fully paid up by a contribution in cash of CAD 640 000.00. The objective of increasing the capital of CD PROJEKT RED Vancouver Studio Ltd. was to finance the expansion of its IT infrastructure and office.

## Note 27. Agreements that may result in future changes in the proportions of shares held by shareholders and bondholders

On 24 May 2016, the General Shareholders Meeting of the Parent Company passed a resolution introducing an incentive plan for 2016-2019.

As a result of a positive verification of the achievement of the plan's objectives conducted in 2020, a total of 5,167,500 entitlements were subject to execution by eligible persons. As part of the settlement of the plan, the Parent Company disposed of 516,700 own shares purchased from the market for this purpose for the benefit of the eligible persons. The remaining part of the entitlements was realized in the form of issuing 4,650,800 subscription warrants.

As at the end of the reporting period, rights from 4,618,800 from among a total of 4,650,800 subscription warrants giving rights to take up the Parent Company's shares of the new issue as part of the conditional increase in the share capital of the Parent Company remained exercised. On 17 October 2022, in its [current report no. 43/2022](#), the Management Board of the Company announced that that on the same date, an entitled participant of the incentive program submitted to the Company a statement which indicates the take-up of 32,000 Series M ordinary bearer shares of the Parent Company as a result of exercising the rights incorporated by previously assigned Series B subscription warrants, each of which entitled its holder to claim one share at an issue price of PLN 25.70. The rights incorporated by the shares will emerge on the day the shares are entered on the securities account belonging to the participant (by registration in the securities depository maintained by the National Depository of Securities). A one-year lock-up period applies to the shares. Consequently, 100% of rights incorporated by the warrants issued by the Parent Company under the Incentive Program 2016-2019 have now been exercised.

Based on the resolutions of the Company's General Shareholders Meeting of 28 July 2020 and 22 September 2020, another, third issue of the incentive plan was introduced for 2020-2025.

In accordance with the adopted assumptions, no more than 4,000,000 entitlements may be assigned under the plan. The incentive plan may be realized alternatively through the issue and allocation to the entitled persons of subscription warrants which give them the right to subscribe for separately issued shares of the Parent Company as part of the conditional share capital increase, or through offering to the entitled persons shares acquired by the Parent Company as part of the buy-back of its own shares carried out for this purpose. Taking up and the exercising of rights from the subscription warrants or, as the case may be, purchasing the Parent Company's shares by the eligible persons will be conditional upon the Parent Company's determining that the objectives and criteria of the plan have been met. The plan includes performance-related objectives (80% of entitlements), market related objectives (20% of entitlements), individual objectives in selected cases and, in each case, the loyalty criterion which applies until the date of determining that the plan objectives and criteria have been met. As at the date of publication of these financial statements, 2,132,000 of the entitlements granted remained in the incentive plan for 2020-2025.

Based on the results achieved in 2020 and 2021 and the assumptions for the subsequent years of the plan, the Management Board of the Parent Company assessed the possibility of achieving the performance targets set in the programme over the entire period of the plan duration and revised the estimates, considering it most likely that the performance targets would not be achieved over the period of the incentive plan for 2020-2025.



## **Note 28. Tax settlements**

Tax settlements and other areas of activities regulated by the tax law may be subject to inspections by administrative bodies which are entitled to impose high penalties or sanctions. The lack of reference to established legal regulations in Poland results in ambiguities and inconsistencies in the binding regulations. Frequent differences of opinion as to the legal interpretation of tax regulations, both internally within the state bodies and between the state bodies and enterprises, result in areas of uncertainty and conflict arising. Due to these factors, the tax risk in Poland is considerably higher than that usually existing in countries with better developed tax systems.

In accordance with the general rule, tax settlements may be subject to inspections within five years from the end of the year in which tax was paid.

Following the fulfilment of the criteria set out in Article 19 of the Act of 30 May 2008 on certain forms of innovation support (consolidated text, Journal of Laws of 2021, item 706), the Minister of Development and Technology, by decision No. DNP-V.4241.16.2022 of 11 August 2022, maintained the status of a research and development centre granted to the Parent Company by decision 4/CBR/18 of 19 June 2018. The status allows the Parent Company to use the research and development relief provided for in the Act of 15 February 1992 on corporate income tax (consolidated text, Journal of Laws of 2021, item 1800).

With effect from 1 January 2019, provisions were introduced into the Act on corporate income tax granting preferential taxation at the 5% tax rate for qualified income earned by a taxpayer from qualified intellectual property rights. Having met the prerequisites and formal conditions contained in the said legislation, the Group accounts for income (in respect of selected sources of income) taking this tax relief into account.

## Note 29. Explanations to the condensed consolidated statement of cash flows

	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
<b>Cash and cash equivalents reported in the statement of cash flows</b>	<b>198 689</b>	<b>198 689</b>	<b>690 681</b>	<b>690 681</b>
Cash and cash equivalents in the balance sheet	198 689	198 689	690 681	690 681
<b>Depreciation and amortization</b>	<b>3 425</b>	<b>10 771</b>	<b>4 396</b>	<b>13 284</b>
Amortization of intangible assets	535	1 615	767	2 386
Amortization of expenditure on development projects	211	833	522	1 501
Depreciation of property, plant and equipment	2 672	8 297	3 097	9 368
Depreciation of investment properties	7	26	10	29
<b>Foreign exchange gains/(losses) arising on the following items:</b>	<b>(19 888)</b>	<b>(24 769)</b>	<b>(9 705)</b>	<b>(11 719)</b>
Foreign exchange gains/(losses) on measurement of bonds	(19 888)	(24 769)	(9 705)	(11 719)
<b>Interest and shares in profits comprise:</b>	<b>(9 168)</b>	<b>(26 719)</b>	<b>(17)</b>	<b>332</b>
Interest on bank deposits	(5 794)	(14 811)	-	(41)
Interest on bonds	(3 511)	(12 097)	(70)	42
Interest accrued on loans granted	-	(215)	(48)	(110)
Interest on lease contracts	137	404	101	441
<b>(Gains)/losses on investing activities arising on the following items:</b>	<b>13 796</b>	<b>15 282</b>	<b>9 460</b>	<b>14 111</b>
Sale of property, plant and equipment	(260)	(274)	(6)	(14)
Net carrying amount of property, plant and equipment	4	9	3	10
Net carrying amount of non-current assets scrapped	-	200	593	690
Net carrying amount of intangible assets scrapped	-	283	-	3
Net carrying amount of investment properties scrapped	-	-	-	51
Impairment write-downs of property, plant and equipment, intangible assets and expenditure on development work	911	911	-	-
Settlement and measurement of derivative financial instruments	17 990	36 343	8 787	11 791
Commission and fees on purchase of bonds	80	247	83	275
Proceeds from redemption of bonds	(34 672)	(192 373)	-	(66 631)
Value of bonds purchased	29 743	169 936	-	67 936
<b>Change in provisions results from the following items:</b>	<b>13 275</b>	<b>(36 914)</b>	<b>(49 463)</b>	<b>(285 827)</b>
Change in provisions for liabilities	19 458	(29 545)	(49 246)	(373 920)
Change in provision for costs of performance-related and other remuneration recognized under expenditure on development projects	(6 183)	(7 369)	(217)	88 093
<b>Change in inventories results from the following items:</b>	<b>644</b>	<b>1,394</b>	<b>339</b>	<b>(9,607)</b>
Change in inventories	644	1,394	339	(9,607)





	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
<b>Change in receivables results from the following items:</b>	<b>(87 658)</b>	<b>(15 016)</b>	<b>88 877</b>	<b>1 118 518</b>
Change in current receivables in the balance sheet	(80 029)	41 775	81 968	1 109 741
Change in non-current receivables in the balance sheet	(53)	(101)	(16)	(25)
Change in prepayments for investment properties	-	(79)	-	-
Withholding tax paid abroad	(6 720)	(31 353)	317	315
Income tax settled against withholding tax	-	27 961	-	-
Adjusted for current income tax	(1 133)	(26 751)	-	-
Change in prepayments for development projects	211	(26 575)	6 722	8 456
Change in prepayments for property, plant and equipment and intangible assets	66	107	(114)	31
<b>Change in current liabilities, excluding loans and borrowings, results from the following items:</b>	<b>4 762</b>	<b>12 285</b>	<b>12 747</b>	<b>(76 816)</b>
Change in current receivables in the balance sheet	(82 424)	7 994	21 601	(11 783)
Adjusted for current income tax	(6 468)	17 978	(495)	(53 192)
Change in other financial liabilities	(8 867)	(12 789)	(8 313)	(12 285)
Change in liabilities in respect of security deposits	-	-	-	(73)
Change in liabilities resulting from purchase of property, plant and equipment	1 788	(933)	(199)	334
Change in liabilities resulting from purchase of intangible assets	(6)	25	153	183
Change in liabilities resulting from dividend from retained earnings	100 739	-	-	-
Change in liabilities resulting from purchase of investment properties	-	10	-	-
<b>Change in other assets and liabilities results from the following items:</b>	<b>(11 201)</b>	<b>(45 874)</b>	<b>(12 971)</b>	<b>(18 152)</b>
Change in prepayments and accruals in the balance sheet	(12 722)	(32 489)	(14 425)	(12 359)
Change in deferred income in the balance sheet	1 581	(13 205)	1 517	(5 613)
Adjusted for accruals reported under liabilities	(60)	(180)	(60)	(180)
Other	-	-	(3)	-
<b>“Other adjustments” comprise:</b>	<b>1 539</b>	<b>6 869</b>	<b>9 348</b>	<b>28 206</b>
Costs of the incentive plan	967	3 285	8 901	26 703
Measurement of derivative financial instruments	(714)	(651)	(260)	(438)
Amortization and depreciation written off, reported under cost of sales, consortium settlements and other operating expenses	-	1 046	-	-
Amortization and depreciation reported under cost of sales, consortium settlements and other operating expenses	806	2 470	644	1 853
Foreign exchange differences on translation	480	781	81	106
Other adjustments	-	(62)	(18)	(18)

## Note 30. Cash flows and non-monetary changes resulting from changes in liabilities in financing activities

	01.07.2022	Cash flows	Non-monetary changes						30.09.2022
			Takeover of leased fixed assets	Termination of a lease contract	Foreign exchange gains and losses	Interest accrued	Adoption of resolution on the payment of dividend	Transfer of own shares	
Lease liabilities	19 362	(909)	194	-	167	137	-	-	18 951
Liabilities to shareholders in respect of dividend payment	100 739	(100 739)	-	-	-	-	-	-	-
<b>Total</b>	<b>120 101</b>	<b>(101 648)</b>	<b>194</b>	<b>-</b>	<b>167</b>	<b>137</b>	<b>-</b>	<b>-</b>	<b>18 951</b>

	01.01.2022	Cash flows	Non-monetary changes						30.09.2022
			Takeover of leased fixed assets	Termination of a lease contract	Foreign exchange gains and losses	Interest accrued	Adoption of resolution on the payment of dividend	Transfer of own shares	
Lease liabilities	16 655	(3 049)	4 775	-	168	404	-	-	18 953
Liabilities to shareholders in respect of dividend payment	-	(100 739)	-	-	-	-	100 739	-	-
<b>Total</b>	<b>16 655</b>	<b>(103 788)</b>	<b>4 775</b>	<b>-</b>	<b>168</b>	<b>404</b>	<b>100 739</b>	<b>-</b>	<b>18 953</b>

	01/07/2021	Cash flows	Non-monetary changes						30.09.2021
			Takeover of leased fixed assets	Termination of a lease contract	Foreign exchange gains and losses	Interest accrued	Adoption of resolution on the payment of dividend	Transfer of own shares	
Lease liabilities	17 719	(1 018)	143	(18)	72	101	-	-	16 999
<b>Total</b>	<b>17 719</b>	<b>(1 018)</b>	<b>143</b>	<b>(18)</b>	<b>72</b>	<b>101</b>	<b>-</b>	<b>-</b>	<b>16 999</b>

	01.01.2021	Cash flows	Non-monetary changes						30.09.2021
			Takeover of leased fixed assets	Termination of a lease contract	Foreign exchange gains and losses	Interest accrued	Adoption of resolution on the payment of dividend	Transfer of own shares	
Lease liabilities	18 939	(3 061)	551	(18)	147	441	-	-	16 999
Liabilities to shareholders in respect of dividend payment	-	(503 694)	-	-	-	-	503 694	-	-
Receivables from eligible persons in the incentive plan	-	2 149	-	-	-	-	-	(2 149)	-
<b>Total</b>	<b>18 939</b>	<b>(504 606)</b>	<b>551</b>	<b>(18)</b>	<b>147</b>	<b>441</b>	<b>503 694</b>	<b>(2 149)</b>	<b>16 999</b>

## Note 31. Post balance sheet date events

On 4 October 2022, in [current report no. 37/2022](#), the Management Board of the Parent Company informed of the adoption of the Long-Term Strategic Growth Outlook of the CD PROJEKT Group. The following were identified as directions of the Group's strategic development in the coming years: continuing to increase production capacity, enhancing game experiences with multiplayer features and continuing to expand franchises. The full content of the document is attached to the current report.

On 4 October 2022, in [current report no. 38/2022](#), the Management Board of the Parent Company informed that the Company had received Mr Marcin Iwiński's resignation as Vice-President for International Contacts and Member of the Management Board of the Company, effective at the end of the day on 31 December 2022 and information on his intention to run for the position of Supervisory Board Chairman from the day immediately following the expiration of his membership of the Management Board.

On 4 October 2022, in [current report no. 39/2022](#), the Management Board of the Parent Company informed that the Company had received Mr Piotr Pągowski's resignation as a Member of the Supervisory Board and Member of the Audit Committee of the Company, effective as of the end of the day on 31 December 2022.

On 4 October 2022, in [current report no. 40/2022](#) (corrected by [current report no. 40/2022K](#)), the Management Board of the Parent Company informed that based on Resolution no. 4 of the Extraordinary Shareholders Meeting of 29 November 2016, the Management Board decided on the conditions of and procedure for conducting a buyback of the Parent Company's shares with a view to their voluntary redemption. As a result of the buyback conducted based on that decision, the Parent Company purchased 860,290 of its own shares representing 0.854% of its share capital between 5 October and 24 October 2022. The buyback was conducted on the assumption that the Parent Company would purchase no more than 2 million own shares for a total of no more than PLN 100 million. The Management Board of the Parent Company provided detailed information on the course of the buyback in current reports nos. 42/2022, 44/2022 and 45/2022.

On 17 October 2022, in its [current report no. 43/2022](#), the Management Board of the Parent Company announced that on the same date, an entitled participant of the incentive program executed in 2016-2019 submitted to the Company a statement which indicates the take-up of 32,000 Series M ordinary bearer shares of the Parent Company as a result of exercising the rights incorporated by previously assigned Series B subscription warrants, each of which entitled its holder to claim one share at an issue price of PLN 25.70. The rights incorporated by the shares will emerge on the day the shares are entered on the securities account belonging to the participant (by registration in the securities depository maintained by the National Depository of Securities). A one-year lock-up period applies to the shares. Consequently, 100% of rights incorporated by the warrants issued by the Parent Company under the Incentive Program 2016-2019 have now been exercised.

On 18 October 2022, as a result of decisions adopted by the Board of Directors of CD PROJEKT Inc. and the Management Board of its sole shareholder CD PROJEKT S.A. the share capital of CD PROJEKT Inc. was increased from USD 3 million 500 thousand to USD 5 million, i.e. by USD 1 million 500 thousand, by increasing the value of the existing 10,000 shares by USD 150 each. The increased value of the existing shares was paid up in full by a cash contribution of USD 1 million 500 thousand made by CD PROJEKT S.A. The capital increase was intended to enable finalizing the first stage of the process of acquisition of shares in The Molasses Flood LLC (payment of the second tranche relating to acquisition of 60% of shares in that company).

On 16 November 2022, in [current report no. 46/2022](#), the Management Board of the Parent Company informed that Mr Marcin Iwiński, as an entitled shareholder representing more than one twentieth of the share capital of the Company, submitted a request to convene an Extraordinary General Meeting and to include in the agenda of the said Meeting a vote on the appointment of Mr. Marcin Iwiński as a member of Supervisory Board of the Company. In connection with the submitted request, Mr. Marcin Iwiński has officially presented his candidature and made the legally required statements in this respect.

On 17 November 2022, in [current report no. 47/2022](#), the Management Board of the Parent Company informed that a merger plan between the Company, as the surviving company, and its wholly-owned subsidiary CD PROJEKT RED STORE sp. z o.o. as the target company was agreed and signed. The planned merger will be effected by transferring all assets of the target company to the Parent Company in accordance with Article 492 § 1 item 1 of the Commercial Companies Code (merger by acquisition) in connection with Article 516 § 6 of the Commercial Companies Code, without increasing the share capital of the Parent Company and without exchanging the shares in the target company for shares in the Parent Company. The merger is intended to simplify the structure of the Group in connection with the plans to continue the existing operations of the Target Company in cooperation with a specialized third party – in line with the Long-Term Strategic Growth Outlook of CD PROJEKT Group. The content of the Merger Plan has been attached to the current report.

On 22 November 2022, the Management Board of the Parent Company announced convening an Extraordinary Shareholders Meeting of the Parent Company to be held on 20 December 2022. The agenda of the Extraordinary Shareholders Meeting will include, firstly, resolutions on the appointment of Mr Marcin Iwiński to the Supervisory Board, changes to the remuneration of Members of the Supervisory Board, cancellation of the 2020-2025 Incentive Plan, introduction of the 2023-2027 Incentive Plan and the related issue of subscription warrants and the conditional increase in the share capital, and the merger of the Parent Company with CD PROJEKT RED STORE sp. z o.o. The full agenda, including additional information in this respect, is presented in [current report no. 49/2022](#). Draft resolutions are available in [current report no. 50/2022](#)



CD PROJEKT

## Additional information

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# 5

## Litigation pending

During the reporting period, the following litigation was pending (as at the date of publication of the financial statements).

### Criminal cases in which CD PROJEKT S.A. has the status of the aggrieved party

#### Case against private individuals (including former members of the Management Board of Optimus S.A.) for acts to the detriment of the Company

On 27 October 2016, the Regional Court in Warsaw, in case ref. no. XVIII K 126/09 as a result of the indictment of the Public Prosecutor's Office of the Regional Prosecutor's Office in Warsaw to the Regional Court, passed a sentence convicting Michał L., Piotr L. and Michał D., ascribing to them the commission of acts under Article 296 § 1 of the Penal Code and Article 296 § 3 of the Penal Code and others. The Parent Company acted as an auxiliary prosecutor at first instance (a status it retains until the end of the proceedings). The scope of damages awarded under Article 46 of the Penal Code amounted to a total of PLN 210 thousand, with the damage ascertained by the court amounting to at least PLN 16 million according to the operative part of the verdict (this method of determining damage results from the principles of adjudication in criminal proceedings). The Company appealed against the judgment, requesting that it be amended, including, inter alia, in the part relating to the amount of damages awarded to the Company. Appeals were also filed by the defendants' counsels - against the entire decision. On 26 October 2017, the Court of Appeals overturned the judgment of the Court of First Instance in the case in its entirety and remitted the case to the Court of First Instance for retrial in its entirety. The Parent Company is acting as an auxiliary prosecutor in the case.

### Cases in which CD PROJEKT S.A. has the status of the defendant

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

On 25 December 2020 and 15 January 2021, the Management Board of the Parent Company received confirmation from a law firm cooperating with the Company of the filing of civil class actions before the United States District Court for the District of Central California, by law firms acting on behalf of groups of holders of US financial instruments listed under the symbols "OTGLY" and "OTGLF" and based on the Company's shares. The plaintiffs seek a judicial determination whether the actions of the Company and its Management Board Members in connection with the launch of the Cyberpunk 2077 game constituted a violation of federal regulations by, among other things, misleading investors, thereby leading to losses on their part. In the following months, the Company became aware of two other lawsuits also filed in the local court, identical in subject matter and directed against CD PROJEKT. The contents of all the said lawsuits did not specify the value of the claim. On 18 May 2021, the Company was informed that the court consolidated the lawsuits filed and selected a lead plaintiff. Following consolidation, all four lawsuits filed are being dealt with in a single proceeding.

On 29 June 2021, the Company received a copy of the lawsuit filed against the Company, as well as the members of its Management Board, by the law firm representing the lead plaintiff and the other qualifying holders of US securities listed under the symbols "OTGLY" and "OTGLF". The content of the lawsuit filed did not differ in subject matter from the previously filed unconsolidated lawsuits in this regard, nor did it specify the value of the claims.

On 12 August 2021, the Company filed a response to the claim seeking dismissal of the action. Subsequently, on 5 October 2021, the Company received a pleading from the plaintiffs challenging the motion to dismiss, to which the Company responded on 17 November 2021, again seeking dismissal of the action.

On 7 December 2021, the Company entered into settlement negotiations with the plaintiffs, resulting in the signing of a Settlement Term Sheet on 16 December 2021, whereby the Company agreed to pay the plaintiffs the amount of USD 1 850 thousand in exchange for the waiver of all claims against the Company. A settlement agreement with the Company's insurer, Colonnade Insurance S.A., branch in Poland, was also obtained.

On 27 January 2022, the Company entered into a formal settlement document, the Stipulation Agreement, confirming the findings of the Settlement Term Sheet. The Stipulation Agreement, like the Settlement Term Sheet previously entered into, contains a statement that there is no admission of any fault on the part of the Company or the other defendants.

The company expects to complete the procedure to obtain a settlement within the next few months.

## Shareholding structure

**Shareholders holding directly or indirectly through subsidiaries at least 5% of the total number of votes at the Parent Company's General Shareholders Meeting as at the date of publication of the quarterly report**

The Parent Company's share capital amounts to PLN 100 738 800 and consists of 100 738 800 shares with a nominal value of PLN 1 each. The shareholding structure, including the percentage share in the share capital and at the General Shareholders Meeting of the Parent Company, is updated on the basis of formal notifications received by the Parent Company from shareholders holding at least 5% of the total number of votes at the General Shareholders Meeting of the Parent Company.

	Number of votes at the GSM	% of votes at the GSM
Marcin Iwiński	12 873 520	12.78%
Michał Kiciński <sup>1</sup>	10 433 719	10.36%
Piotr Nielubowicz	6 858 717	6.81%
The Goldman Sachs Group, Inc. <sup>2</sup>	6 827 314	6.78%

<sup>1</sup> According to [current report no. 33/2021](#) of 26 May 2021.

<sup>2</sup> According to [current report no. 41/2022](#) of 6 October 2022, the total percentage share of The Goldman Sachs Group, Inc.'s votes resulting from shares (1.76%) and other financial instruments held (5.02%) was 6.78% as at 3 October 2022. According to the notification in this respect received by the Parent Company, The Goldman Sachs Group, Inc. holds indirectly 1 775 065 of votes attached to shares, 1 850 802 votes which may be obtained as a result of exercising or conversion of a financial instrument constituting securities that are the subject of a loan and 3 201 447 votes resulting from financial instruments of another type.

### Changes in the shareholding structure of the Parent Company

In the period presented, the Parent Company received notifications concerning qualifying changes in the number or votes or the Company's shares held solely with respect to the percentage share of votes held by The Goldman Sachs Group, Inc. The most recent data in this respect received by the Parent Company is presented in the section above.

After the balance sheet date, a buyback of the Parent Company's shares was conducted. The Management Board of the Parent Company informed of the decision taken in this regard in [current report no. 40/2022](#) (corrected by [current report no. 40/2022K](#)). As a result of the buyback conducted based on that decision, the Parent Company purchased 860,290 of its own shares representing 0.854% of its share capital between 5 October and 24 October 2022. The Management Board of the Parent Company provided detailed information on the course of the buyback in current reports nos. [42/2022](#), [44/2022](#) and [45/2022](#).



## Parent Company's shares held by members of the Management and Supervisory Boards

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

Name and surname	Position	As at 01.01.2022	As at 30.09.2022	As at 28.11.2022
Adam Kiciński	President of the Management Board	4 046 001	4 046 001	4 046 001
Marcin Iwiński	Vice-President of the Management Board	12 873 520	12 873 520	12 873 520
Piotr Nielubowicz	Vice-President of the Management Board	6 858 717	6 858 717	6 858 717
Adam Badowski	Member of the Management Board	692 640	692 640	692 640
Michał Nowakowski	Member of the Management Board	580 290	580 290	580 290
Piotr Karwowski	Member of the Management Board	108 728	108 728	108 728
Paweł Zawodny	Member of the Management Board	n/a	18 508	18 508
Katarzyna Szwarc	Chair of the Supervisory Board	10	10	10
Piotr Pągowski	Deputy Chair of the Supervisory Board	-	-	33
Maciej Nielubowicz	Supervisory Board Member	51	51	51

\* Based on statements and notifications submitted to the Company.

## Reference to published estimates

The Group did not publish estimated data relating to the period presented.





**CD PROJEKT**

## **Interim condensed separate financial statements of CD PROJEKT S.A.**

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# **6**

## Interim condensed separate income statement

	Note	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
<b>Sales revenue</b>		<b>203 081</b>	<b>494 049</b>	<b>103 206</b>	<b>470 379</b>
Sales of products		201 452	485 205	101 643	461 621
Sales of services		359	1 495	509	4 137
Sales of goods for resale and materials		1 270	7 349	1 054	4 621
<b>Cost of sales of products, services, goods for resale and materials</b>		<b>49 835</b>	<b>90 842</b>	<b>23 017</b>	<b>111 571</b>
Costs of products and services sold		48 617	85 397	21 871	106 873
Cost of goods for resale and materials sold		1 218	5 445	1 146	4 698
<b>Gross profit/(loss) on sales</b>		<b>153 246</b>	<b>403 207</b>	<b>80 189</b>	<b>358 808</b>
Selling expenses		44 650	125 992	41 455	144 423
Administrative expenses		14 906	44 223	19 657	66 606
Other operating income		7 881	13 499	5 238	10 371
Other operating expenses		6 874	15 467	2 804	8 497
(Impairment)/reversal of impairment of financial instruments		(9)	(17)	(5)	(6)
<b>Operating profit/(loss)</b>		<b>94 688</b>	<b>231 007</b>	<b>21 506</b>	<b>149 647</b>
Finance income		33 955	70 305	10 783	7 717
Finance costs		18 740	40 114	9 199	12 393
<b>Profit/(loss) before tax</b>		<b>109 903</b>	<b>261 198</b>	<b>23 090</b>	<b>144 971</b>
Income tax expense	A	13 030	52 465	1 403	12 919
<b>Net profit/(loss)</b>		<b>96 873</b>	<b>208 733</b>	<b>21 687</b>	<b>132 052</b>
<b>Net earnings/(loss) per share (in PLN)</b>					
Basic for the reporting period		0.96	2.07	0.22	1.31
Diluted for the reporting period		0.96	2.07	0.22	1.31

## Interim condensed separate statement of comprehensive income

	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
<b>Net profit/(loss)</b>	<b>96 873</b>	<b>208 733</b>	<b>21 687</b>	<b>132 052</b>
<b>Other comprehensive income subject to reclassification to gains or losses after specific conditions have been met</b>	<b>(6 298)</b>	<b>(14 289)</b>	<b>1 793</b>	<b>3 571</b>
Measurement of derivative financial instruments – fair value through other comprehensive income, taking into account the tax effect	(6 298)	(14 289)	1 793	3 571
<b>Other comprehensive income not subject to reclassification to gains or losses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>90 575</b>	<b>194 444</b>	<b>23 480</b>	<b>135 623</b>

## Interim condensed separate statement of financial position

	Note	30.09.2022	30.06.2022	31.12.2021*
<b>NON-CURRENT ASSETS</b>		<b>1 053 387</b>	<b>1 009 939</b>	<b>887 663</b>
Property, plant and equipment		129 180	114 400	103 986
Intangible assets		70 754	70 530	59 086
Expenditure on development projects		448 004	432 382	347 822
Investment properties		42 961	55 831	57 082
Goodwill	C	49 168	49 168	49 168
Investments in subsidiaries		73 364	71 052	43 447
Prepayments and deferred costs		3 535	5 834	4 741
Other financial assets	G	197 509	173 589	178 540
Deferred tax assets	A	38 515	36 771	43 418
Other receivables	F,G	397	382	373
<b>CURRENT ASSETS</b>		<b>1 073 205</b>	<b>1 077 337</b>	<b>1 173 501</b>
Inventories		10 807	10 747	13 539
Trade receivables	F,G	147 332	63 394	123 821
Current income tax receivable		-	1 587	-
Other receivables	F	46 475	49 081	113 163
Prepayments and deferred costs		8 093	5 386	4 015
Other financial assets	G	288 980	319 572	308 168
Bank deposits over 3 months	G	410 544	-	265 000
Cash and cash equivalents	G	160 974	627 570	345 795
<b>TOTAL ASSETS</b>		<b>2 126 592</b>	<b>2 087 276</b>	<b>2 061 164</b>

\* restated data



	Note	30.09.2022	30.06.2022	31.12.2021
<b>EQUITY</b>		<b>1 966 039</b>	<b>1 874 497</b>	<b>1 869 049</b>
Share capital	21*	100 739	100 739	100 739
Supplementary capital		1 502 147	1 502 147	1 366 952
Share premium		115 909	115 909	115 909
Other reserves		38 511	43 842	49 515
Retained earnings		-	-	(4 179)
Net profit (loss) for the period		208 733	111 860	240 113
<b>NON-CURRENT LIABILITIES</b>		<b>28 134</b>	<b>25 984</b>	<b>29 756</b>
Other financial liabilities	G	16 489	16 890	14 757
Other liabilities		2 680	2 740	2 860
Deferred income		4 127	5 495	6 403
Provision for retirement and similar benefits		368	368	368
Other provisions	B	4 470	491	5 368
<b>CURRENT LIABILITIES</b>		<b>132 419</b>	<b>186 795</b>	<b>162 359</b>
Other financial liabilities	G	30 579	22 177	18 620
Trade payables	G	27 015	16 611	16 028
Current income tax liabilities		6 468	-	24 445
Other liabilities		4 545	105 553	4 059
Deferred income		13 509	9 957	23 042
Provision for retirement and similar benefits		5	5	5
Other provisions	B	50 298	32 492	76 160
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2 126 592</b>	<b>2 087 276</b>	<b>2 061 164</b>

\* Detailed information on changes in items are presented in the relevant notes to the interim condensed consolidated financial statements.

## Interim condensed separate statement of changes in equity

	Share capital	Supplementary capital	Share premium	Other reserves	Retained earnings	Net profit (loss) for the period	Total equity
<b>01.01.2022 – 30.09.2022</b>							
<b>Equity as at 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>
Costs of the incentive plan	-	-	-	3 285	-	-	3 285
Appropriation of the net profit/offset of loss	-	135 195	-	-	(135 195)	-	-
Payment of dividend	-	-	-	-	(100 739)	-	(100 739)
Total comprehensive income	-	-	-	(14 289)	-	208 733	194 444
<b>Equity as at 30.09.2022</b>	<b>100 739</b>	<b>1 502 147</b>	<b>115 909</b>	<b>38 511</b>	<b>-</b>	<b>208 733</b>	<b>1 966 039</b>

	Share capital	Supplementary capital	Share premium	Other reserves	Retained earnings	Net profit (loss) for the period	Total equity
<b>01.01.2021 – 30.09.2021</b>							
<b>Equity as at 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>
Corrections of errors	-	-	-	-	(4 179)	-	(4 179)
<b>Equity, as adjusted</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>
Costs of the incentive plan	-	-	-	26 820	-	-	26 820
Appropriation of the net profit/offset of loss	-	628 541	-	-	(628 541)	-	-
Share-based payments	84	869	2 065	(869)	-	-	2 149
Payment of dividend	-	-	-	-	(503 694)	-	(503 694)
Total comprehensive income	-	-	-	3 571	-	132 052	135 623
<b>Equity as at 30.09.2021</b>	<b>100 739</b>	<b>1 366 952</b>	<b>115 909</b>	<b>76 590</b>	<b>(4 179)</b>	<b>132 052</b>	<b>1 788 063</b>

The Company adjusted the calculation of the deferred tax asset as at 31 December 2020 by re-classifying a part of deductible temporary differences from the category of taxed at 19% to taxed at 5%. As a result of the adjustment, equity decreased by PLN 4,179 thousand.

## Interim condensed separate statement of cash flows

	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
<b>OPERATING ACTIVITIES</b>				
<b>Net profit/(loss)</b>	<b>96 873</b>	<b>208 733</b>	<b>21 687</b>	<b>132 052</b>
<b>Total adjustments:</b>	<b>(20 126)</b>	<b>16 816</b>	<b>72 617</b>	<b>899 472</b>
Depreciation and amortization of property, plant and equipment, intangible assets, expenditure on development projects and investment properties	2 650	8 150	3 092	9 588
Amortization of development projects recognized as cost of goods sold	48 327	84 464	21 521	65 205
Foreign exchange gains/(losses)	(19 888)	(24 747)	(9 729)	(11 787)
Interest and participation in profits	(8 663)	(25 629)	(43)	245
(Gains)/Losses on investing activities	14 299	18 182	9 461	14 032
Increase/(Decrease) in provisions	15 602	(34 126)	(49 399)	(276 146)
(Increase)/Decrease in inventories	(60)	2 732	73	(9 887)
(Increase)/Decrease in receivables	(87 792)	(14 747)	88 651	1 148 644
Increase/(Decrease) in liabilities, excluding loans and borrowings	11 849	10 526	982	(57 601)
Change in other assets and liabilities	1 718	(14 863)	(1 293)	(10 137)
Other adjustments	1 832	6 874	9 301	27 316
<b>Cash from operating activities</b>	<b>76 747</b>	<b>225 549</b>	<b>94 304</b>	<b>1 031 524</b>
Income tax expense	6 310	21 112	1 720	13 233
Withholding tax paid abroad	6 720	31 353	(317)	(314)
Income tax (paid)/refunded	-	(34 188)	(6 456)	(6 806)
<b>Net cash from operating activities</b>	<b>89 777</b>	<b>243 826</b>	<b>89 251</b>	<b>1 037 637</b>



	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021*
<b>INVESTING ACTIVITIES</b>				
<b>Inflows</b>	<b>91 538</b>	<b>553 707</b>	<b>808</b>	<b>241 867</b>
Sale of intangible assets and property, plant and equipment	256	262	54	829
Expenditure on development projects provided as part of a consortium	-	-	152	152
Repayment of loans granted	-	13 220	93	1 105
Sale of shares in a subsidiary	-	76	19	19
Expiry of bank deposits over 3 months	-	265 000	-	164 368
Redemption of bonds	84 853	257 943	-	66 628
Interest on bonds	1 147	3 250	445	725
Interest received on deposits	5 282	13 679	-	41
Inflows from execution of forward contracts	-	-	-	7 887
Other inflows from investing activities	-	277	45	113
<b>Outflows</b>	<b>546 554</b>	<b>879 370</b>	<b>63 654</b>	<b>573 997</b>
Acquisition of intangible assets and property, plant and equipment	10 206	35 371	5 554	23 741
Expenditure on development projects	55 831	145 542	26 506	135 443
Acquisition of investment properties and capitalization of expenditure	-	145	617	2 022
Loans granted	-	4 000	600	4 340
Acquisition of a subsidiary	-	-	7 679	7 679
Contribution to the capital of a subsidiary	2 808	32 720	-	-
Purchase of bonds and cost of their purchase	57 380	225 500	22 623	350 699
Outflows from execution of forward contracts	9 785	25 548	75	-
Placement of bank deposits over 3 months	410 544	410 544	-	50 073
<b>Net cash from investing activities</b>	<b>(455 016)</b>	<b>(325 663)</b>	<b>(62 846)</b>	<b>(332 130)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Inflows</b>	<b>10</b>	<b>30</b>	<b>10</b>	<b>2 179</b>
Net proceeds from the sale of shares and issue of shares in the execution of the incentive plan	-	-	-	2 149
Payment of finance lease liabilities	10	30	10	30
<b>Outflows</b>	<b>101 367</b>	<b>103 014</b>	<b>788</b>	<b>506 088</b>
Dividends and other distributions to shareholders	100 739	100 739	-	503 694
Payment of lease liabilities	499	1 901	704	2 009
Interest paid	129	374	84	385
<b>Net cash from financing activities</b>	<b>(101 357)</b>	<b>(102 984)</b>	<b>(778)</b>	<b>(503 909)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(466 596)</b>	<b>(184 821)</b>	<b>25 627</b>	<b>201 598</b>
<b>Change in cash and cash equivalents in the balance sheet</b>	<b>(466 596)</b>	<b>(184 821)</b>	<b>25 627</b>	<b>201 598</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>627 570</b>	<b>345 795</b>	<b>598 885</b>	<b>422 914</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>160 974</b>	<b>160 974</b>	<b>624 512</b>	<b>624 512</b>

\* restated data



## Explanations to the condensed separate statement of cash flows

	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
<b>“Other adjustment” comprise:</b>	<b>1 832</b>	<b>6 874</b>	<b>9 301</b>	<b>27 316</b>
Costs of the incentive plan	963	3 112	8 458	25 017
Amortization and depreciation written off, reported under cost of sales, consortium settlements and other operating expenses	-	1 046	861	2 317
Amortization and depreciation reported under cost of sales, consortium settlements and other operating expenses	869	2 716	-	-
Other adjustments	-	-	(18)	(18)

## Comparability of the financial statements and consistency of accounting policies

The accounting policies applied in these interim condensed separate financial statements, material judgments made by the Management Board with regard to the accounting policies applied by the Company and the main sources of estimating uncertainties are consistent, in all material respects, with the policy adopted for preparing the annual financial statements of CD PROJEKT S.A. for 2021, with the exception of changes in the accounting policies and presentation changes described below. These condensed financial statements should be read in conjunction with the financial statements for the year ended 31 December 2021.

### Changes in accounting policies

Changes in accounting policies relating to the Company are the same as those described in the section Comparability of the financial statements and consistency of accounting policies of the consolidated financial statements for the period from 1 July to 30 September 2022.

### Presentation changes

In these interim condensed separate financial statements for the period from 1 July to 30 September 2022 changes were introduced in the presentation of selected financial data. In order to ensure comparability of the financial data in the reporting period, presentation of the data as at 30 September 2021 and as at 31 December 2021 was changed. The data is presented after the following changes:

- In the statement of financial position as at 31 December 2021, presentation of some of the land held by the Group changed. Consequently, the following items changed:
  - Property, plant and equipment – an increase of PLN 4,354 thousand
  - Investment properties – a decrease of PLN 4,354 thousand.

The change did not affect the net profit or loss and equity.

- In the cash flow statement for the period from 1 January 2021 to 30 September 2021, presentation of interest received on deposits was changed. Consequently, the following items changed:
  - Other inflows from investing activities – a decrease of PLN 41 thousand
  - Interest on deposits – an increase of PLN 41 thousand.



## Notes to the separate financial statements of CD PROJEKT S.A.

### A. Deferred tax

#### Deductible temporary differences underlying the deferred tax asset

	31.12.2021	Differences affecting the deferred tax recognized in the profit or loss	30.09.2022
Provision for other employee benefits	372	-	372
Provision for costs of performance-related and other remuneration	39 400	(10 001)	29 399
Foreign exchange losses	2 286	(268)	2 018
Difference between the carrying and tax amount of expenditure on development projects	24 792	(22 640)	2 152
Salaries and wages and social security payable in future periods	61	(18)	43
Other provisions	47 501	(24 278)	23 223
Research and development relief	301 954	-	301 954
Prepayments recognized as revenue for tax purposes	1 469	4 284	5 753
<b>Total deductible differences, including:</b>	<b>417 835</b>	<b>(52 921)</b>	<b>364 914</b>
taxed at 5%	60 417	(22 929)	37 488
taxed at 19%	357 418	(29 992)	327 426
<b>Deferred income tax asset</b>	<b>70 931</b>	<b>(6 845)</b>	<b>64 086</b>

#### Taxable temporary differences underlying the deferred tax provision

	31.12.2021	Differences affecting the deferred tax recognized in the profit or loss	30.09.2022
Difference between the net carrying amount and tax amount of property, plant and equipment and intangible assets	14 129	1 170	15 299
Current period revenue invoiced in the subsequent period/accrued income	128 789	8 638	137 427
Foreign exchange gains	14 786	(13 619)	1 167
Difference between the carrying and tax amount of expenditure on development projects	271 672	(44 488)	227 184
Other	91	58	149
<b>Total taxable differences, including:</b>	<b>429 467</b>	<b>(48 241)</b>	<b>381 226</b>
taxed at 5%	386 323	(51 591)	334 732
taxed at 19%	43 144	3 350	46 494
<b>Deferred tax provision</b>	<b>27 513</b>	<b>(1 943)</b>	<b>25 571</b>

The deferred part of the income tax was determined either at the corporate income tax rate of 19% for the tax base corresponding to income from other sources, or at the rate of 5% for the tax base corresponding to income from qualifying intellectual property (the so-called IP BOX). When determining the appropriate tax rate for temporary differences, the Company relied on forecasts of which tax base will give rise to the realization of the temporary differences recognized.

**Net deferred tax asset/provision**

	30.09.2022	30.06.2022	31.12.2021
Deferred income tax assets	64 086	65 999	70 931
Deferred tax provision	25 571	29 228	27 513
<b>Net deferred tax - assets/(provisions)</b>	<b>38 515</b>	<b>36 771</b>	<b>43 418</b>

**Income tax expense recognized in the income statement**

	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
Current income tax, including:	14 775	47 563	6 654	60 119
withholding tax paid abroad	6 720	31 353	(317)	(314)
Change in deferred tax	(1 745)	4 902	(5 251)	(47 200)
<b>Income tax expense recognized in the income statement</b>	<b>13 030</b>	<b>52 465</b>	<b>1 403</b>	<b>12 919</b>

**B. Other provisions**

	30.09.2022	30.06.2022	31.12.2021
<b>Provision for liabilities, including:</b>	<b>54 768</b>	<b>32 983</b>	<b>81 528</b>
provision for costs of the audit and review of the financial statements	68	69	102
provision for costs of performance-related and other remuneration	41 131	22 066	44 714
provision for other costs	13 569	10 848	36 712
<b>Total, including:</b>	<b>54 768</b>	<b>32 983</b>	<b>81 528</b>
current	50 298	32 492	76 160
non-current	4 470	491	5 368

**Change in other provisions**

	Provision for costs of performance-related and other remuneration	Other provisions	Total
<b>As at 01.01.2022</b>	<b>44 714</b>	<b>36 814</b>	<b>81 528</b>
Provisions recorded during the year	41 131	28 143	69 274
Provisions utilized	44 506	51 185	95 691
Provision released	208	135	343
<b>As at 30.09.2022, including:</b>	<b>41 131</b>	<b>13 637</b>	<b>54 768</b>
current	41 131	9 167	50 298
non-current	-	4 470	4 470

**C. Goodwill**

During the period from 1 July to 30 September 2022 there were no changes in goodwill.

**D. Business combinations**

In the period from 1 July to 30 September 2022, the Company had no business combinations with another entity.

## E. Dividend paid (or declared) and received

On 28 June 2022, the Annual General Meeting of Shareholders of CD PROJEKT S.A. made a decision to allocate a part of the profit earned by the Parent Company in 2021 for distribution among the shareholders in the form of dividend. In accordance with the resolution, on 12 July 2022 the Parent Company paid out a total of PLN 100 739 thousand, i.e. PLN 1 per share. 100 738 800 shares of the Parent Company carried the right to a dividend.

## F. Trade and other receivables

	30.09.2022	30.06.2022	31.12.2021
<b>Trade and other receivables, gross</b>	<b>195 032</b>	<b>113 676</b>	<b>238 168</b>
<b>Write-downs</b>	<b>828</b>	<b>819</b>	<b>811</b>
<b>Trade and other receivables</b>	<b>194 204</b>	<b>112 857</b>	<b>237 357</b>
from related entities	5 178	4 088	5 179
from other entities	189 026	108 769	232 178

### Changes in write-downs of receivables

	Trade receivables	Other receivables	Total
<b>OTHER ENTITIES</b>			
<b>Write-downs as at 01.01.2022</b>	<b>79</b>	<b>732</b>	<b>811</b>
<b>Increases, including:</b>	<b>17</b>	<b>-</b>	<b>17</b>
write-downs recognized for past-due and disputed receivables	17	-	17
<b>Decreases</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Write-downs as at 30.09.2022</b>	<b>96</b>	<b>732</b>	<b>828</b>

### Current and overdue trade receivables as at 30.09.2022

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
RELATED ENTITIES							
gross receivables	5 178	3 135	885	14	-	1,144	-
default ratio		0%	0%	0%	0%	0%	0%
write-down resulting from the ratio	-	-	-	-	-	-	-
write-down determined individually	-	-	-	-	-	-	-
total expected credit losses	-	-	-	-	-	-	-
Net receivables	5 178	3 135	885	14	-	1 144	-



	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	142 250	141 980	159	-	11	3	97
default ratio		0%	0%	0%	0%	0%	0%
write-down resulting from the ratio	-	-	-	-	-	-	-
write-down determined individually	96	-	-	-	-	-	96
total expected credit losses	96	-	-	-	-	-	96
Net receivables	142 154	141 980	159	-	11	3	1

<b>Total</b>							
gross receivables	147 428	145 115	1 044	14	11	1 147	97
impairment write-downs	96	-	-	-	-	-	96
<b>Net receivables</b>	<b>147 332</b>	<b>145 115</b>	<b>1 044</b>	<b>14</b>	<b>11</b>	<b>1 147</b>	<b>1</b>

**Other receivables**

	30.09.2022	30.06.2022	31.12.2021*
<b>Other gross receivables, including:</b>	<b>47 604</b>	<b>50 195</b>	<b>114 268</b>
tax receivables, other than corporate income tax	35 077	38 182	75 562
prepayments for inventories	7 043	6 842	5 076
prepayments for development projects	3 860	3 649	30 435
security deposits	678	660	650
prepayments for property, plant and equipment and intangible assets	141	75	34
settlements with employees	12	7	3
settlements with members of the Management Boards	1	7	7
consortium settlements	-	-	1 659
prepayments on investment properties	-	-	79
other	792	773	763
<b>Write-downs</b>	<b>732</b>	<b>732</b>	<b>732</b>
<b>Other receivables, including:</b>	<b>46 872</b>	<b>49 463</b>	<b>113 536</b>
current	46 475	49 081	113 163
non-current	397	382	373

\* restated data

## G. Information on financial instruments

### Fair values and hierarchy of specific classes of financial instruments

The Management Boards of the Company analysed specific classes of financial instruments. Based on the analysis, it was concluded that the carrying amounts of the instruments do not materially differ from their fair values, as at both 30 September 2022, 30 June 2022 and 31 December 2021.

	30.09.2022	30.06.2022	31.12.2021*
<b>LEVEL 1</b>			
<b>Assets measured at fair value</b>			
<b>Assets measured at fair value through other comprehensive income</b>	<b>269 169</b>	<b>249 800</b>	<b>228 661</b>
bonds issued by foreign governments – EUR	26 164	25 318	24 517
bonds issued by foreign governments – USD	243 005	224 482	204 144
<b>LEVEL 2</b>			
<b>Liabilities measured at fair value through profit or loss</b>			
<b>Derivatives</b>	<b>28 701</b>	<b>20 496</b>	<b>17 906</b>
currency forwards – EUR	472	100	455
currency forwards – USD	28 229	20 396	17 451

\* restated data

Financial Instruments measured at fair value are classified to 3-stage fair value hierarchy:

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

Level 2 – fair value based in observable market data.

Level 3 – fair value based on market data that is not observable in the market.

### Financial assets – classification and measurement

	30.09.2022	30.06.2022	31.12.2021
<b>Financial assets measured at amortized cost</b>	<b>936 567</b>	<b>934 707</b>	<b>993 036</b>
Other non-current receivables	397	382	373
Trade receivables	147 332	63 394	123 821
Cash and cash equivalents	160 974	627 570	345 795
Bank deposits over 3 months	410 544	-	265 000
Treasury bonds and bonds guaranteed by the State Treasury	217 320	243 361	248 755
Loans granted	-	-	9 292
<b>Assets measured at fair value through other comprehensive income</b>	<b>269 169</b>	<b>249 800</b>	<b>228 661</b>
Bonds issued by foreign governments	269 169	249 800	228 661
<b>Total financial assets</b>	<b>1 205 736</b>	<b>1 184 507</b>	<b>1 221 697</b>

**Financial liabilities – classification and measurement**

	30.09.2022	30.06.2022	31.12.2021*
<b>Financial liabilities measured at amortized cost</b>	<b>45 382</b>	<b>35 182</b>	<b>31 499</b>
Trade payables	27 015	16 611	16 028
Other financial liabilities	18 367	18 571	15 471
<b>Financial liabilities measured at fair value through profit or loss</b>	<b>28 701</b>	<b>20 496</b>	<b>17 906</b>
Derivative financial instruments	28 701	20 496	17 906
<b>Total financial liabilities</b>	<b>74 083</b>	<b>55 678</b>	<b>49 405</b>

\* restated data

In accordance with the requirements of *IFRS 9 Financial Instruments*, the Company analysed the business model for managing financial assets and examined the characteristics of contractual cash flows for each component of the bond portfolio, and concluded that:

- the purpose of investments in domestic and foreign Treasury bonds and domestic bonds guaranteed by the Polish State Treasury is to hold them to maturity and to collect contractual cash flows;
- investment mandates for managing the foreign bonds portfolio allow selling bonds before maturity as part of the adopted strategy;
- all bonds purchased meet the SPPI test.

As a result of the analysis conducted, purchased bonds were classified into two financial asset management models which differ in terms of the entity managing the bond portfolio. Polish Treasury bonds and bonds guaranteed by the Polish State Treasury are measured at amortized cost, because they are held to collect contractual cash flows. Foreign Treasury bonds are measured at fair value through other comprehensive income, because of the investment mandate which allows the possibility of the portfolio being managed by an Asset Manager.

## H. Transactions with related entities

	Sales to related entities				Purchases from related entities			
	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021	01.07.2022 – 30.09.2022	01.01.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2021 – 30.09.2021
<b>SUBSIDIARIES</b>								
GOG sp. z o.o.	3 692	10 148	2 073	10 289	731	2 234	293	1 691
CD PROJEKT Inc.	100	271	113	397	3 538	11 762	2 427	9 512
CD PROJEKT Co., Ltd. (liquidated)	-	-	-	-	-	-	1 016	4 171
Spokko sp. z o.o.	324	1 061	684	1 031	-	-	-	-
CD PROJEKT RED STORE sp. z o.o.	268	1 003	155	740	43	113	20	108
CD PROJEKT RED Vancouver Studio Ltd.	4	33	-	-	4 342	12 124	1 648	1 648
The Molasses Flood LLC	2	2	-	-	9 737	20 048	-	-
<b>MANAGEMENT BOARD</b>								
Marcin Iwiński	-	1	2	18	-	-	-	-
Adam Kiciński	-	-	-	4	-	-	-	-
Piotr Nielubowicz	-	1	1	5	-	-	-	-
Michał Nowakowski	2	3	1	11	-	-	-	-
Adam Badowski	1	6	-	1	-	-	-	-
Piotr Karwowski	-	-	-	1	-	-	-	-
Paweł Zawodny	-	7	-	-	-	-	-	-
Jeremiah Cohn	-	1	-	-	-	-	-	-



	Receivables from related entities			Liabilities to related entities		
	30.09.2022	30.06.2022	31.12.2021	30.09.2022	30.06.2022	31.12.2021
<b>SUBSIDIARIES</b>						
GOG sp. z o.o.	2 885	1 977	3 411	665	545	232
CD PROJEKT Inc.	100	108	511	1 221	1 267	948
Spokko sp. z o.o.	238	445	9 113	-	-	-
CD PROJEKT RED STORE sp. z o.o.	810	449	421	3	73	158
CD PROJEKT RED Vancouver Studio Ltd.	1 144	1 102	1 008	465	419	164
The Molasses Flood LLC	-	-	-	2 530	995	1 018
<b>MANAGEMENT BOARD</b>						
Marcin Iwiński	-	-	-	-	-	20
Adam Kiciński	-	-	-	-	-	5
Michał Nowakowski	-	-	-	1	-	7
Adam Badowski	1	1	7	-	-	5
Paweł Zawodny	-	6	-	-	-	-

## Statement of the Management Board of the Parent Company

### On the fairness of preparation of the interim condensed consolidated financial statements

In accordance with the requirements of the Regulation of the Minister of Finance of 29 March 2018 on current and periodical information submitted by issuers of securities and conditions for considering as equivalent the information required under the legislation of a non-Member State, the Management Board of the Parent Company declares that, to the best of its knowledge, these interim condensed consolidated financial statements and comparative data has been prepared in accordance with the accounting policies applicable in the CD PROJEKT Group and that they reflect in a true, fair and clear manner the Group's financial position and its results of operations.

These interim condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union published and effective as at 1 January 2022, and to the extent not governed by the said standards, in accordance with the Accounting Act of 29 September 1994 and the implementing legislation issued on the basis thereof and to the extent required by Regulation of the Minister of Finance of 29 March 2018 on current and periodical information submitted by issuers of securities and conditions for considering as equivalent the information required under the legislation of a non-Member State.

### The entity authorized to review the fairness of preparation of interim condensed consolidated financial statements

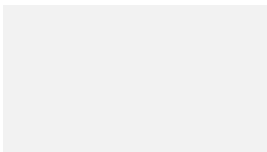
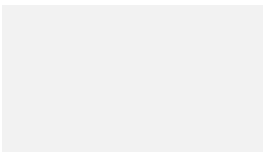
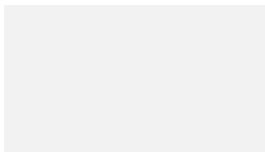
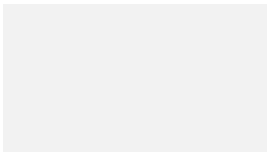
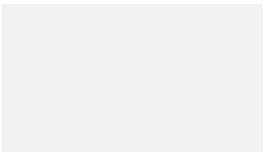
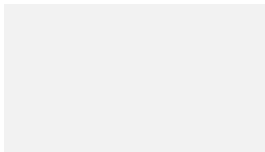
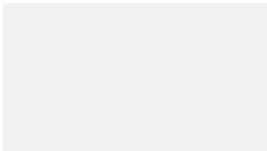
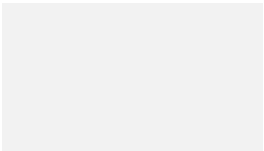
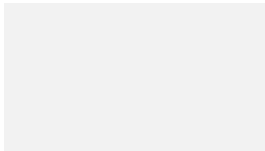
On 9 March 2022, the Supervisory Board of the Parent Company selected Grant Thornton Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Poznań, as recommended by the Audit Committee, as auditor to carry out the review of semi-annual and the audit of the annual financial statements of the Company and its Group for 2022 and 2023. Grant Thornton Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa has been entered on the list of entities authorized to audit financial statements by the National Chamber of Statutory Auditors with the number 4055.



## Approval of the financial statements

This report for the period from 1 July to 30 September 2022 has been signed and approved for publication by the Management Board of CD PROJEKT S.A. on 28 November 2022.

Warsaw, 28 November 2022

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



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