

**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENT OF THE CD PROJEKT GROUP FOR THE
PERIOD BETWEEN 1 JANUARY AND 31 MARCH 2023**

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 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 |
| Net sales of products, services, goods for resale and materials | 174 757 | 216 146 | 37 178 | 46 511 |
| Cost of sales of products, services, goods for resale and materials | 54 252 | 47 627 | 11 542 | 10 249 |
| Operating profit/(loss) | 71 539 | 85 321 | 15 219 | 18 360 |
| Profit/(loss) before tax | 80 364 | 91 893 | 17 097 | 19 774 |
| Net profit/(loss) attributable to owners of CD PROJEKT S.A. | 69 670 | 68 918 | 14 822 | 14 830 |
| Net cash from operating activities | 113 089 | 142 122 | 24 059 | 30 582 |
| Net cash from investing activities | (235 164) | 195 861 | (50 030) | 42 146 |
| Net cash used in financing activities | (1 014) | (984) | (215) | (211) |
| Net increase/(decrease) in cash and cash equivalents | (123 089) | 336 999 | (26 186) | 72 517 |
| Number of shares (in thousands) | 100 771 | 100 739 | 100 771 | 100 739 |
| Net earnings/(loss) per share (in PLN/EUR) | 0.69 | 0.68 | 0.15 | 0.15 |
| Diluted earnings/(loss) per share (in PLN/EUR) | 0.69 | 0.68 | 0.15 | 0.15 |
| Book value per share (in PLN/EUR) | 20.90 | 19.46 | 4.47 | 4.18 |
| Diluted book value per share (in PLN/EUR) | 20.90 | 19.45 | 4.47 | 4.18 |
| Dividend declared or paid per share (in PLN/EUR) | 1.00 | 1.00 | 0.21 | 0.22 |

| | PLN | | EUR | |
|---|------------|------------|------------|------------|
| | 31.03.2023 | 31.12.2022 | 31.03.2023 | 31.12.2022 |
| Total assets | 2 307 988 | 2 274 124 | 493 634 | 484 898 |
| Liabilities and provisions for liabilities (excluding accruals) | 183 764 | 214 626 | 39 304 | 45 763 |
| Non-current liabilities | 32 250 | 36 186 | 6 898 | 7 716 |
| Current liabilities | 169 768 | 204 534 | 36 310 | 43 612 |
| Equity | 2 105 970 | 2 033 404 | 450 427 | 433 571 |
| Share capital | 100 771 | 100 771 | 21 553 | 21 487 |

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 31 March 2023: 4.7005 PLN/EUR and from 1 January to 31 March 2022: 4.6472 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: 4.6755 PLN/EUR as at 31 March 2023 and 4.6899 PLN/EUR as at 31 December 2022.

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CD PROJEKT

Key financial data of the CD PROJEKT Group

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Interim condensed consolidated income statement

| | Note | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022* |
|--|------|----------------------------|-----------------------------|
| Sales revenue | | 174 757 | 216 146 |
| Sales of products | 16 | 130 595 | 173 787 |
| Sales of services | 16 | 428 | 635 |
| Sales of goods for resale and materials | 16 | 43 734 | 41 724 |
| Cost of sales of products, services, goods for resale and materials | | 54 252 | 47 627 |
| Costs of products and services sold | 17 | 21 858 | 18 372 |
| Cost of goods for resale and materials sold | 17 | 32 394 | 29 255 |
| Gross profit/(loss) on sales | | 120 505 | 168 519 |
| Selling expenses | 17 | 39 048 | 54 110 |
| Administrative expenses | 17 | 28 486 | 26 513 |
| Other operating income | 18 | 24 463 | 2 590 |
| Other operating expenses | 18 | 5 897 | 5 163 |
| (Impairment)/reversal of impairment of financial instruments | | 2 | (2) |
| Operating profit/(loss) | | 71 539 | 85 321 |
| Finance income | 19 | 19 286 | 16 791 |
| Finance costs | 19 | 10 461 | 10 219 |
| Profit/(loss) before tax | | 80 364 | 91 893 |
| Income tax | 10 | 10 694 | 22 975 |
| Net profit/(loss) | | 69 670 | 68 918 |
| Net profit/(loss) attributable to owners of CD PROJEKT S.A. | | 69 670 | 68 918 |
| Net earnings/(loss) per share (in PLN) | | | |
| Basic for the reporting period | | 0.69 | 0.68 |
| Diluted for the reporting period | | 0.69 | 0.68 |

* restated data

The Group's total **Sales revenue** in the first quarter of 2023 was lower compared to the first quarter of last year, which, partly due to the release of the next-generation console game Cyberpunk 2077, was the best first quarter sales-wise in the Group's history. A decline in revenue with the CD PROJEKT RED segment's steady portfolio of games and the lack of major sales-boosting events is a natural trend.

Sales of products had the largest share in the CD PROJEKT Group's sales revenue for the period under review and primarily related to:

- royalties resulting from the sale of Cyberpunk 2077;
- royalties resulting from the sale of The Witcher 3: Wild Hunt with Hearts of Stone and Blood and Wine expansions;
- licence revenue from CD PROJEKT RED studio franchises;
- revenue related to other products of the CD PROJEKT RED segment: the GWENT games: The Witcher Card Game, The Witcher 2: The Assassins of Kings, The Witcher and Thronebreaker: The Witcher Tales.

Sales of goods for resale and materials were another significant item of sales revenue, which mainly comprised revenue from digital distribution of games from third-party suppliers to end customers via the GOG.COM platform, where, compared to the corresponding period of the prior year, the GOG.COM segment recorded a slight increase, as well as revenue from sales of physical products of the CD PROJEKT RED segment.

Costs of products and services sold were the first component of the Group's **Cost of sales of products, services, goods for resale and materials**, which comprise mainly amortization of development expenditure on games developed in house. The value of the item in question in the first quarter of 2023 consisted primarily of the amortization of expenditure on Cyberpunk 2077, which, after being expensed at 40% of the expenditure in the quarter of release (fourth quarter of 2020), is recognized in subsequent quarterly periods at 3% of the initial value of the asset, and the amortization of production costs of The Witcher 3: Wild Hunt for the new-generation consoles Xbox Series X|S and PlayStation 5, which is accounted for on a straight-line basis over 3 years from the date of its release in December 2022. This item also includes the cost of sales related to sales of services.

The cost of goods for resale and materials sold comprises mainly the cost of sales generated as part of the GOG.COM platform and the cost of sales of physical products of the CD PROJEKT RED segment.

In the first quarter of 2023, the largest part of the **Cost of sales** were the costs reported in the CD PROJEKT RED segment related to publishing, advertising and promotion of own titles, including salaries (both fixed and result-driven) of internal publishing departments and other external services related to boosting of sales. Due to the lack of significant promotional events in the period under review, costs of promotion campaigns decreased relative to the comparative period.

The second major group of costs of sales were costs of maintenance of released titles, the significant part of which in the reporting period were the maintenance and development costs of GWENT: The Witcher Card Game and the maintenance costs of Cyberpunk 2077 and The Witcher 3 for next-generation consoles. Compared to the first quarter of 2022, the amount of the maintenance costs dropped, mainly due to a decrease in costs related to work on Cyberpunk 2077 updates and a reduction in expenses related to GWENT: The Witcher Card Game project.

In addition, this category includes costs included in the GOG.COM segment related to marketing activities for the GOG.COM service, as well as work related to the development and handling of sales made through the service.

Administrative expenses of the CD PROJEKT Group mainly include:

- a) salaries of the administration teams and external services costs classified in this category showing a steady upward trend accompanying the Group's growth;
- b) the costs of working on future games during the initial period of their development (research phase) before moving on to the implementation of projects (development phase) and starting to capitalize them within expenditure on development projects which is a part of non-current assets;
- c) the fixed and performance-related remuneration of the companies' management boards;
- d) performance-related remuneration of the companies' senior management;
- e) costs of valuation of the entitlements granted under the 2020-2025 incentive scheme.

The balance of administrative expenses in the first quarter of 2023 was at a similar level to the amount in the comparative period, accompanied by a change in their structure. Initial product development costs decreased as projects moved on to the development phase while other administrative expenses increased due to the increase in the scale of the Group's operations and general price increases.

The Group's **other operating income and expenses** comprise mainly income generated by CD PROJEKT from the rental of office space (and accompanying maintenance costs) in the real estate complex at ul. Jagiellońska 74 and 76 in Warsaw, as well as proceeds from subsidies received. However, in the period under review, the value of these items was significantly affected by the partial reversal of the write-down of development expenditure incurred up to the end of 2022 (in the amount of PLN 21 531 thousand) associated with defining the new framework of the Sirius project being developed by The Molasses Flood studio, together with the write-down of part of the expenditure on the Project in the first quarter of 2023 (PLN 2 745 thousand).

In the period from 1 January to 31 March 2023, the Group reported an excess of **Finance income** over **Finance costs**, primarily in connection with interest income on bank deposits and bonds.

Income tax recognized in the income statement for the first quarter of the current year and the effective tax rate decreased significantly compared to the first quarter of 2022, in which the reported tax was more significantly affected by including in the income tax figure a portion of tax levied in other jurisdictions on royalties paid to the Group (withholding tax).

After collecting documentary evidence of the amounts and the fact that withholding tax had been paid abroad, the Group deducted the amount of income tax calculated using the preferential IP Box taxation and charged the excess to the income statement.

The Group's consolidated **Net profit** for the first quarter of 2023 amounted to PLN 69 670 thousand, and was slightly higher than in the first quarter of 2022.

Interim condensed consolidated statement of comprehensive income

| | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 |
|---|----------------------------|----------------------------|
| Net profit/(loss) | 69 670 | 68 918 |
| Other comprehensive income subject to reclassification to gains or losses after specific conditions have been met: | 1 737 | (4 493) |
| Exchange differences on measurement of foreign operations | (583) | 437 |
| Measurement of derivative financial instruments – fair value through other comprehensive income, taking into account the tax effect | 2 320 | (4 930) |
| Other comprehensive income not subject to reclassification to gains or losses | - | - |
| Total comprehensive income | 71 407 | 64 425 |
| Total comprehensive income attributable to non-controlling interests | - | - |
| Total comprehensive income attributable to owners of CD PROJEKT S.A. | 71 407 | 64 425 |

Interim condensed consolidated statement of financial position

| | Note | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|--|------|------------------|------------------|------------------|
| NON-CURRENT ASSETS | | 1 208 466 | 1 119 978 | 940 816 |
| Property, plant and equipment | 2 | 154 935 | 145 252 | 124 261 |
| Intangible assets | 3 | 68 792 | 69 157 | 68 222 |
| Expenditure on development projects | 3 | 544 483 | 473 202 | 367 005 |
| Investment properties | 5 | 42 188 | 42 560 | 44 318 |
| Goodwill | 3.4 | 56 438 | 56 438 | 56 438 |
| Shares in non-consolidated subordinated entities | 15 | 41 394 | 41 607 | 39 240 |
| Prepayments and deferred costs | 9 | 28 898 | 31 074 | 14 319 |
| Other financial assets | 8.15 | 216 098 | 207 437 | 176 456 |
| Deferred tax assets | 10 | 54 850 | 52 862 | 50 179 |
| Other receivables | 7.15 | 390 | 389 | 378 |
| CURRENT ASSETS | | 1 099 522 | 1 154 146 | 1 311 733 |
| Inventories | 6 | 10 365 | 12 701 | 14 970 |
| Trade receivables | 7.15 | 73 738 | 165 290 | 68 422 |
| Current income tax receivable | | 12 106 | 1 458 | 401 |
| Other receivables | 7 | 54 390 | 57 139 | 113 206 |
| Prepayments and deferred costs | 9 | 28 099 | 22 886 | 18 931 |
| Other financial assets | 8.15 | 277 203 | 279 515 | 261 828 |
| Bank deposits over 3 months | 15 | 488 883 | 337 330 | 85 390 |
| Cash and cash equivalents | 15 | 154 738 | 277 827 | 748 585 |
| TOTAL ASSETS | | 2 307 988 | 2 274 124 | 2 252 549 |

Expenditure on development projects, in which the Group recognizes incurred and deferred expenditure on the production of games and new technologies, represented the largest share of the Group's non-current assets at the end of the first quarter of 2023, and had the largest impact on the increase in their balance. The increase in the value of the item in question in the period under analysis is a result of the CD PROJEKT RED segment incurring higher expenditure on the production of future games than the depreciation of completed productions.

The increase in the balance of CD PROJEKT Group's **Property, plant and equipment** is mainly due to expenditure on network infrastructure and developers' workstations (machinery and equipment), as well as expenditure on construction work on the CD PROJEKT campus in Warsaw (assets under construction).

The balance of **Other non-current and current financial assets** consists primarily of domestic and foreign government bonds acquired as part of credit risk diversification, together with the valuation of derivative financial instruments hedging the currency risk of foreign bonds.

The consolidated current and non-current **Prepayments and deferred costs** recognized at the end of the period under analysis comprised mainly the value of the so-called minimum guarantees disclosed in the GOG.COM segment, i.e. advance payments and prepayments made by GOG.COM to suppliers for fees related to the distribution of games offered on the GOG.COM platform. The Group also recognizes the settlement of utility software subscriptions under this heading.

The consolidated balance of **Trade receivables** decreased relative to 31 December 2022 mainly as a result of the inflow in the CD PROJEKT RED segment of receivables related to the usual high level of game sales in December 2022.

The Group's **Other receivables** as at the end of March 2023 include, in particular, tax receivables, settlements with the insurer of the costs of the US class action settlement and advances paid by CD PROJEKT RED for development works, goods for resale and services.

The total value of financial reserves in the form of **Cash and cash equivalents, bank deposits over 3 months** and liquid financial assets in the form of purchased treasury bonds (collectively included in current and non-current **Other financial assets**) held by the Group as at 31.03.2023 amounted to PLN 1 112 251 thousand (compared with PLN 1 091 005 thousand as at 31.12.2022).

| | Note | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|---|------|------------------|------------------|------------------|
| EQUITY | | 2 105 970 | 2 033 404 | 1 959 929 |
| Equity attributable to owners of CD PROJEKT S.A. | | 2 105 970 | 2 033 404 | 1 959 929 |
| Share capital | 21 | 100 771 | 100 771 | 100 739 |
| Supplementary capital | | 1 567 325 | 1 567 325 | 1 425 647 |
| Share premium | | 116 700 | 116 700 | 115 909 |
| Treasury shares | | (99 993) | (99 993) | - |
| Other reserves | | 5 734 | 2 255 | 44 212 |
| Foreign exchange differences on translation | | 1 321 | 1 904 | 2 028 |
| Retained earnings / (Accumulated losses) | | 344 442 | (2 651) | 202 476 |
| Net profit (loss) for the period | | 69 670 | 347 093 | 68 918 |
| Non-controlling interests | | - | - | - |
| NON-CURRENT LIABILITIES | | 32 250 | 36 186 | 37 825 |
| Other financial liabilities | 15 | 18 525 | 18 883 | 23 309 |
| Other liabilities | 13 | 2 560 | 2 620 | 2 800 |
| Deferred tax provision | 10 | 49 | 50 | - |
| Deferred income | 14 | 3 212 | 3 669 | 5 968 |
| Provision for retirement and similar benefits | 11 | 366 | 366 | 380 |
| Other provisions | 12 | 7 538 | 10 598 | 5 368 |
| CURRENT LIABILITIES | | 169 768 | 204 534 | 254 795 |
| Other financial liabilities | 15 | 8 771 | 9 578 | 33 327 |
| Trade payables | 15 | 46 001 | 72 119 | 71 272 |
| Current income tax liabilities | | - | 2 116 | 31 589 |
| Other liabilities | 13 | 9 410 | 10 244 | 9 132 |
| Deferred income | 14 | 15 042 | 22 425 | 23 053 |
| Provision for retirement and similar benefits | 11 | 10 | 10 | 7 |
| Other provisions | 12 | 90 534 | 88 042 | 86 415 |
| TOTAL LIABILITIES AND EQUITY | | 2 307 988 | 2 274 124 | 2 252 549 |

As at the end of the first quarter of 2023, the **Equity** of the CD PROJEKT Group amounted to PLN 2 105 970 thousand and was PLN 72 566 thousand higher than at the end of 2022, which was mainly influenced by the **Net profit (loss) for the period**.

Other non-current and current financial liabilities in the period under analysis are mainly related to the revaluation of instruments hedging the exchange rate risk associated with holding foreign Treasury bonds denominated in foreign currencies. In this item, the Group also recognizes liabilities for perpetual usufruct of land in the Jagiellońska 74 and Jagiellońska 76 complexes in Warsaw, as well as liabilities for payment of a portion of the purchase price of shares in The Molasses Flood with a deferred payment date.

The decrease in the Group's **Trade payables** results from the ongoing operations of the CD PROJEKT RED segment. In addition, in this item the Group presents liabilities of the GOG.COM segment resulting mainly from royalties relating to sales made in the first quarter of 2023.

The Group's total **Other liabilities** in the period under analysis consisted mainly of current taxation liabilities (VAT, PIT, withholding tax) and social security.

The balance of the CD PROJEKT Group's **Deferred income** as at the end of March 2023 mainly consists of:

- CD PROJEKT RED – sales relating to future periods – so-called minimum guarantees, i.e. advances received or due from publishers and distribution partners for royalties related to sales in future periods;
- CD PROJEKT RED and GOG.COM – deferred income relating to grants;
- GOG.COM – deferred income relating to the company's customers (GOG Portfolio);
- GOG.COM – sales related to future periods – the value of pre-orders placed by customers for games with release dates in future periods.

Changes in the balance of the CD PROJEKT Group's **Other provisions** related mainly to the CD PROJEKT RED segment in the first quarter of 2023 under analysis, where:

- provisions recorded for salaries contingent on the current period's result increased the balance of other provisions;
- the excess of utilized provisions for other costs over newly created provisions reduced the balance of other provisions.

Interim condensed statement of changes in consolidated equity

| | Share capital | Supplementary capital | Share premium | Treasury shares | Other reserves | Foreign exchange differences on translation | Retained earnings / (Accumulated losses) | Net profit (loss) for the period | Equity attributable to owners of CD PROJEKT S.A. | Non-controlling interests | Total equity |
|--------------------------------|----------------|-----------------------|----------------|-----------------|----------------|---|--|----------------------------------|--|---------------------------|------------------|
| 01.01.2023 – 31.03.2023 | | | | | | | | | | | |
| Equity as at 01.01.2023 | 100 771 | 1 567 325 | 116 700 | (99 993) | 2 255 | 1 904 | 344 442 | - | 2 033 404 | - | 2 033 404 |
| Costs of the incentive scheme | - | - | - | - | 1 159 | - | - | - | 1 159 | - | 1 159 |
| Total comprehensive income | - | - | - | - | 2 320 | (583) | - | 69 670 | 71 407 | - | 71 407 |
| Equity as at 31.03.2023 | 100 771 | 1 567 325 | 116 700 | (99 993) | 5 734 | 1 321 | 344 442 | 69 670 | 2 105 970 | - | 2 105 970 |

| | Share capital | Supplementary capital | Share premium | Treasury shares | Other reserves | Foreign exchange differences on translation | Retained earnings / (Accumulated losses) | Net profit (loss) for the period | Equity attributable to owners of CD PROJEKT S.A. | Non-controlling interests | Total equity |
|--|----------------|-----------------------|----------------|-----------------|----------------|---|--|----------------------------------|--|---------------------------|------------------|
| 01.01.2022 – 31.12.2022 | | | | | | | | | | | |
| Equity as at 01.01.2022 | 100 739 | 1 425 647 | 115 909 | - | 47 994 | 1 591 | 202 476 | - | 1 894 356 | - | 1 894 356 |
| Costs of the incentive scheme | - | - | - | - | 4 274 | - | - | - | 4 274 | - | 4 274 |
| Share-based payments | 32 | 1 549 | 791 | - | (1 548) | - | - | - | 824 | - | 824 |
| Purchase of treasury shares for redemption | - | - | - | (99 993) | - | - | - | - | (99 993) | - | (99 993) |
| Release of reserve capital from previous years created for the purpose of purchasing treasury shares | - | 35 741 | - | - | (35 741) | - | - | - | - | - | - |
| Payment of dividend | - | - | - | - | - | - | (100 739) | - | (100 739) | - | (100 739) |
| Appropriation of the net profit/offset of loss | - | 104 388 | - | - | - | - | (104 388) | - | - | - | - |
| Total comprehensive income | - | - | - | - | (12 724) | 313 | - | 347 093 | 334 682 | - | 334 682 |
| Equity as at 31.12.2022 | 100 771 | 1 567 325 | 116 700 | (99 993) | 2 255 | 1 904 | (2 651) | 347 093 | 2 033 404 | - | 2 033 404 |

| | Share capital | Supplementary capital | Share premium | Treasury shares | Other reserves | Foreign exchange differences on translation | Retained earnings / (Accumulated losses) | Net profit (loss) for the period | Equity attributable to owners of CD PROJEKT S.A. | Non-controlling interests | Total equity |
|--------------------------------|----------------|-----------------------|----------------|-----------------|----------------|---|--|----------------------------------|--|---------------------------|------------------|
| 01.01.2022 – 31.03.2022 | | | | | | | | | | | |
| Equity as at 01.01.2022 | 100 739 | 1 425 647 | 115 909 | - | 47 994 | 1 591 | 202 476 | - | 1 894 356 | - | 1 894 356 |
| Costs of the incentive scheme | - | - | - | - | 1 148 | - | - | - | 1 148 | - | 1 148 |
| Total comprehensive income | - | - | - | - | (4 930) | 437 | - | 68 918 | 64 425 | - | 64 425 |
| Equity as at 31.03.2022 | 100 739 | 1 425 647 | 115 909 | - | 44 212 | 2 028 | 202 476 | 68 918 | 1 959 929 | - | 1 959 929 |

Interim condensed consolidated statement of cash flows

| | Note | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 |
|--|-----------|----------------------------|----------------------------|
| OPERATING ACTIVITIES | | | |
| Net profit /(loss) | | 69 670 | 68 918 |
| Total adjustments: | 29 | 52 072 | 53 442 |
| Depreciation and amortization of property, plant and equipment, intangible assets, expenditure on development projects and investment properties | | 3 424 | 3 894 |
| Amortization of development projects recognized as cost of goods sold | | 21 607 | 18 020 |
| Foreign exchange (gains)/losses | | 5 965 | (1 359) |
| Interest and participation in profits | | (9 607) | (7 427) |
| (Gains)/Losses on investing activities | | (27 768) | (434) |
| Increase/(Decrease) in provisions | | (980) | (4 176) |
| (Increase)/Decrease in inventories | | 2 336 | 916 |
| (Increase)/Decrease in receivables | | 87 854 | 43 740 |
| Increase/(Decrease) in liabilities, excluding loans and borrowings | | (21 154) | 15 515 |
| Change in other assets and liabilities | | (10 937) | (17 064) |
| Other adjustments | | 1 332 | 1 817 |
| Cash from operating activities | | 121 742 | 122 360 |
| Income tax expense | | 4 623 | 7 302 |
| Withholding tax paid abroad | | 6 071 | 15 673 |
| Income tax (paid)/refunded | | (19 347) | (3 213) |
| Net cash from operating activities | | 113 089 | 142 122 |
| INVESTING ACTIVITIES | | | |
| Inflows | | 122 963 | 325 840 |
| Sale of intangible assets and property, plant and equipment | | 492 | 7 |
| Expiry of bank deposits over 3 months | | 100 900 | 265 000 |
| Redemption of bonds | | 14 474 | 58 132 |
| Interest on bonds | | 1 259 | 291 |
| Interest received on deposits | | 5 831 | 2 364 |
| Other cash inflows from investing activities | | 7 | 46 |
| Outflows | | 358 127 | 129 979 |
| Acquisition of intangible assets and property, plant and equipment | | 21 760 | 15 212 |
| Expenditure on development projects | | 70 590 | 27 697 |
| Expenditure on intangible assets | | 48 | - |
| Acquisition of investment properties and capitalization of expenditure | | 98 | 89 |
| Loans granted | | 1 881 | 1 500 |
| Purchase of shares in a subsidiary | | 440 | - |
| Purchase of bonds and cost of their purchase | | 7 966 | 91 |
| Placement of bank deposits over 3 months | | 252 453 | 85 390 |
| Outflows from execution of forward contracts | | 2 891 | - |
| Net cash from investing activities | | (235 164) | 195 861 |

| | Note | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 |
|--|------|----------------------------|----------------------------|
| FINANCING ACTIVITIES | | | |
| Inflows | | 21 | 10 |
| Payment of finance lease liabilities | | 21 | 10 |
| Outflows | | 1 035 | 994 |
| Payment of lease liabilities | | 835 | 863 |
| Interest paid | | 200 | 131 |
| Net cash used in financing activities | | (1 014) | (984) |
| Net increase/(decrease) in cash and cash equivalents | | (123 089) | 336 999 |
| Change in cash and cash equivalents in the balance sheet | | (123 089) | 336 999 |
| Cash and cash equivalents as at the beginning of the period | | 277 827 | 411 586 |
| Cash and cash equivalents at the end of the period | | 154 738 | 748 585 |

In the first quarter of 2023 under analysis, the CD PROJEKT Group reported positive net cash flows from operating activities of PLN 113 089 thousand.

The consolidated net profit (loss) for the period was adjusted for:

- a) Non-cash items (total increase):
 - **Amortization and depreciation,**
 - **Amortization of development work recognized as cost of sales,** consisting of amortization of development expenditure on Cyberpunk 2077 and The Witcher 3: Wild Hunt Complete Edition for the next-generation Xbox Series X|S and PlayStation 5 consoles,
 - **Foreign exchange (gains)/losses,** an increase resulting from the elimination of foreign exchange differences recognized in the income statement from the valuation of foreign Treasury bonds held by the CD PROJEKT RED segment,
 - **Increase/(decrease) in provisions,** decrease,
 - **Other adjustments,** an increase resulting mainly from the elimination of the accounting treatment of incentive scheme costs and depreciation recognized in cost of sales and other operating income.
- b) Items related to changes in current assets and current liabilities (total increase):
 - **(Increase)/decrease in inventories,** an increase in the balance of flows resulting from a decrease in stocks,
 - **(Increase)/decrease in receivables,** an increase in the balance of cash flows resulting primarily from a decrease in the balance of receivables at the end of the first quarter of 2023 related to the receipt of royalties reported for the fourth quarter of 2022, as well as the settlement of withholding tax paid abroad by the customers of CD PROJEKT RED,
 - **Increase/(decrease) in liabilities except for loans and borrowings,** a decrease in the balance of cash flows as a consequence of a decrease in the Group's liabilities,
 - **Changes in other assets and liabilities,** a decrease in the balance of cash flows resulting mainly from the settlement of minimum sales royalty guarantees previously received by CD PROJEKT RED and an increase in the balance of prepayments.
- c) Items included in other parts of the statement of cash flows - **Interest and shares in profits,** resulting in a decrease in the cash flows reported under operating activities and **(Profit)/loss from investing activities,** a decrease resulting from the partial reversal of the write-down of expenditure on development projects incurred until the end of 2022 related to the Sirius Project and operations on bonds and derivative financial instruments.
- d) The difference between the income tax recognized in the income statement and that actually paid during the first quarter of 2023 including withholding tax settlements.

The balance of **Net cash outflows from investing activities** during the first quarter of the current year was mainly due the negative cash flows associated with the increase in the balance of deposits over 3 months, expenditure on development projects incurred and purchase of intangible assets and property, plant and equipment.

In the first quarter of 2023 under analysis, the CD PROJEKT Group did not generate any significant **Net cash flows from financing activities**.

Total **Net cash outflows** for the first quarter of the current year amounted to PLN 123 089 thousand with an increase in the balance of bank deposits over 3 months and Treasury bonds by a total of PLN 144 335 thousand.



CD PROJEKT

Notes to the interim condensed consolidated financial statements

2



General information

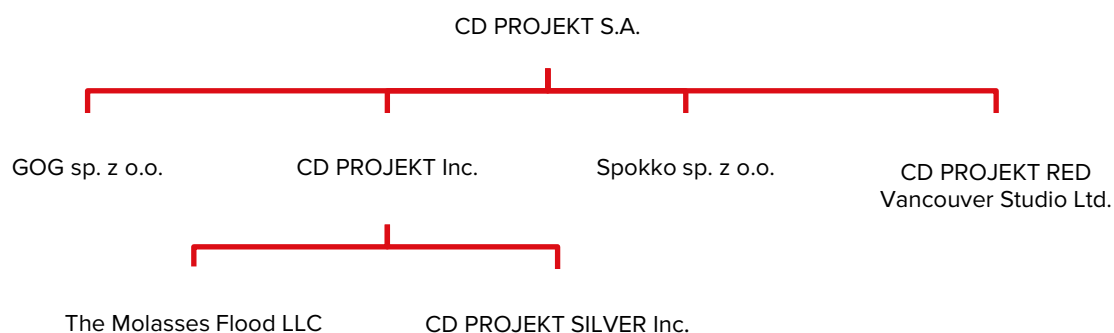
| | |
|--|---|
| Name of reporting entity: | CD PROJEKT S.A. (there have been no changes in the name of the reporting entity since the end of the prior reporting period) |
| Legal form: | a joint stock company (<i>spółka akcyjna</i>) |
| Registered office: | ul. Jagiellońska 74, 03-301 Warsaw |
| Country 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 for the Capital City of Warsaw 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 company: | CD PROJEKT S.A. |
| Name of the top parent of the group: | CD PROJEKT S.A. |

Presentation of the Group

Subsidiaries



CD PROJEKT





Consolidation policies

Consolidated companies

| | % share in capital | % share of voting rights | consolidation method |
|---|--------------------|--------------------------|------------------------|
| CD PROJEKT S.A. | parent company | - | - |
| GOG sp. z o.o. | 100% | 100% | acquisition accounting |
| CD PROJEKT Inc. | 100% | 100% | acquisition accounting |
| Spokko sp. z o.o. | 100% | 100% | not consolidated |
| CD PROJEKT RED Vancouver Studio Ltd. | 100% | 100% | not consolidated |
| The Molasses Flood LLC | 60% | 60% | not consolidated |
| CD PROJEKT SILVER Inc. | 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 share in the parent company's balance sheet total does not exceed 2%;
- the share in the parent company'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 in 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 in 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 the 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 2022 approved for publication on 30 March 2023.

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 discontinuing or significantly curtailing its existing operations.

By the date of preparing the consolidated financial statements for the period from 1 January to 31 March 2023, 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 the 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 31 March 2023.

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 2023 and the assessment of the impact of IFRS changes on the future consolidated financial statements of the Group has been presented in the second part of the Consolidated Financial Statements for 2022.

Amendments to standards or interpretations effective from 1 January 2023 applicable and adopted by the Group

- **IFRS 17, Insurance Contracts** – endorsed on 19 November 2021, applicable to reporting periods beginning on or after 1 January 2023,
- Amendments to **IAS 1** and *Practice Statement 2: Disclosure of Accounting Policies* (published on 12 February 2021) – endorsed on 2 March 2022 and applicable to annual periods beginning on or after 1 January 2023,
- Amendments to **IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors** – endorsed 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** – endorsed 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* – endorsed on 8 September 2022 and applicable to periods beginning on or after 1 January 2023.



The amendments do not 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.

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 expressed in foreign currencies are translated into functional currency based on the exchange rate valid 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.

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 2022, 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 2022.

Changes in accounting policies

The accounting policies applied in these 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 2022, with the exception of changes in accounting policies, changes related to companies covered by consolidation and presentation changes described below.



Presentation changes

In these interim condensed consolidated financial statements for the period from 1 January to 31 March 2023, changes were introduced in the presentation of selected financial data. In order to ensure comparability of the financial data in the reporting period presentation changes were made to the data as at 31 March 2022 r. The data is presented after the following adjustment:

- In the income statement for the period from 1 January 2022 to 31 March 2022, the Group changed the presentation of the provisions for variable portion of the Management Board's performance-related remuneration. As a result of this adjustment, the following balances have changed:
 - Selling expenses – a decrease of PLN 6 496 thousand
 - Administrative expenses – an increase of PLN 6 496 thousand.

Audit by the registered auditor

These interim condensed consolidated financial statements, including the 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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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 the determination of 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 the determination of 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 2022.

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 | | |
| 01.01.2023 – 31.03.2023 | | | | |
| Sales revenue | 135 193 | 41 513 | (1 949) | 174 757 |
| from external customers | 133 312 | 41 445 | - | 174 757 |
| between segments | 1 881 | 68 | (1 949) | - |
| Net profit/(loss) of the segment | 69 452 | 248 | (30) | 69 670 |

| | Continuing operations | | Consolidation eliminations | Total continuing operations |
|----------------------------------|-----------------------|---------|----------------------------|-----------------------------|
| | CD PROJEKT RED | GOG.COM | | |
| 01.01.2022 – 31.03.2022 | | | | |
| Sales revenue | 179 349 | 40 387 | (3 590) | 216 146 |
| from external customers | 175 827 | 40 319 | - | 216 146 |
| between segments | 3 522 | 68 | (3 590) | - |
| Net profit/(loss) of the segment | 68 849 | 152 | (83) | 68 918 |

Consolidated income statement by segments for the period from 01.01.2023 to 31.03.2023

| | CD PROJEKT RED | GOG.COM | Consolidation eliminations | Total |
|--|----------------|---------------|----------------------------|----------------|
| Sales revenue | 135 193 | 41 513 | (1 949) | 174 757 |
| Sales of products | 129 786 | - | 809 | 130 595 |
| Sales of services | 463 | 68 | (103) | 428 |
| Sales of goods for resale and materials | 4 944 | 41 445 | (2 655) | 43 734 |
| Cost of sales of products, services, goods for resale and materials | 27 082 | 29 043 | (1 873) | 54 252 |
| Costs of products and services sold | 21 882 | 4 | (28) | 21 858 |
| Cost of goods for resale and materials sold | 5 200 | 29 039 | (1 845) | 32 394 |
| Gross profit/(loss) on sales | 108 111 | 12 470 | (76) | 120 505 |
| Selling expenses | 29 271 | 9 814 | (37) | 39 048 |
| Administrative expenses | 26 799 | 1 801 | (114) | 28 486 |
| Other operating income | 24 689 | 317 | (543) | 24 463 |
| Other operating expenses | 6 041 | 303 | (447) | 5 897 |
| (Impairment)/reversal of impairment of financial instruments | 2 | - | - | 2 |
| Operating profit/(loss) | 70 691 | 869 | (21) | 71 539 |
| Finance income | 18 876 | 410 | - | 19 286 |
| Finance costs | 9 573 | 934 | (46) | 10 461 |
| Profit/(loss) before tax | 79 994 | 345 | 25 | 80 364 |
| Income tax | 10 542 | 97 | 55 | 10 694 |
| Net profit/(loss) | 69 452 | 248 | (30) | 69 670 |
| Net profit/(loss) attributable to owners of CD PROJEKT S.A. | 69 452 | 248 | (30) | 69 670 |

Consolidated income statement by segments for the period from 01.01.2022 to 31.03.2022*

| | CD PROJEKT RED | GOG.COM | Consolidation eliminations | Total |
|--|----------------|---------------|----------------------------|----------------|
| Sales revenue | 179 349 | 40 387 | (3 590) | 216 146 |
| Sales of products | 172 416 | - | 1 371 | 173 787 |
| Sales of services | 1 017 | 68 | (450) | 635 |
| Sales of goods for resale and materials | 5 916 | 40 319 | (4 511) | 41 724 |
| Cost of sales of products, services, goods for resale and materials | 22 063 | 28 768 | (3 204) | 47 627 |
| Costs of products and services sold | 18 416 | 21 | (65) | 18 372 |
| Cost of goods for resale and materials sold | 3 647 | 28 747 | (3 139) | 29 255 |
| Gross profit/(loss) on sales | 157 286 | 11 619 | (386) | 168 519 |
| Selling expenses | 43 933 | 10 308 | (131) | 54 110 |
| Administrative expenses | 25 023 | 1 538 | (48) | 26 513 |
| Other operating income | 2 694 | 1 030 | (1 134) | 2 590 |
| Other operating expenses | 5 603 | 794 | (1 234) | 5 163 |
| (Impairment)/reversal of impairment of financial instruments | (2) | - | - | (2) |
| Operating profit/(loss) | 85 419 | 9 | (107) | 85 321 |
| Finance income | 14 597 | 2 194 | - | 16 791 |
| Finance costs | 8 203 | 2 042 | (26) | 10 219 |
| Profit/(loss) before tax | 91 813 | 161 | (81) | 91 893 |
| Income tax | 22 964 | 9 | 2 | 22 975 |
| Net profit/(loss) | 68 849 | 152 | (83) | 68 918 |
| Net profit/(loss) attributable to owners of CD PROJEKT S.A. | 68 849 | 152 | (83) | 68 918 |

* restated data

Consolidated statement of financial position by segments as at 31.03.2023

| | CD PROJEKT RED | GOG.COM | Consolidation eliminations | Total |
|--|------------------|---------------|----------------------------|------------------|
| NON-CURRENT ASSETS | 1 194 629 | 30 992 | (17 155) | 1 208 466 |
| Property, plant and equipment | 153 632 | 3 050 | (1 747) | 154 935 |
| Intangible assets | 68 902 | 380 | (490) | 68 792 |
| Expenditure on development projects | 542 286 | 1 965 | 232 | 544 483 |
| Investment properties | 42 188 | - | - | 42 188 |
| Goodwill | 56 438 | - | - | 56 438 |
| Investments in subordinated entities | 15 136 | - | (15 136) | - |
| Shares in non-consolidated subordinated entities | 41 394 | - | - | 41 394 |
| Prepayments and deferred costs | 5 158 | 23 740 | - | 28 898 |
| Other financial assets | 216 098 | - | - | 216 098 |
| Deferred tax assets | 53 007 | 1 857 | (14) | 54 850 |
| Other receivables | 390 | - | - | 390 |
| CURRENT ASSETS | 1 041 093 | 60 591 | (2 162) | 1 099 522 |
| Inventories | 10 365 | - | - | 10 365 |
| Trade receivables | 73 179 | 2 721 | (2 162) | 73 738 |
| Current income tax receivable | 10 534 | 1 572 | - | 12 106 |
| Other receivables | 52 416 | 1 974 | - | 54 390 |
| Prepayments and deferred costs | 8 430 | 19 669 | - | 28 099 |
| Other financial assets | 277 203 | - | - | 277 203 |
| Bank deposits over 3 months | 488 883 | - | - | 488 883 |
| Cash and cash equivalents | 120 083 | 34 655 | - | 154 738 |
| TOTAL ASSETS | 2 235 722 | 91 583 | (19 317) | 2 307 988 |

| | CD PROJEKT RED | GOG.COM | Consolidation eliminations | Total |
|---|------------------|---------------|----------------------------|------------------|
| EQUITY | 2 082 335 | 39 006 | (15 371) | 2 105 970 |
| Equity attributable to owners of CD PROJEKT S.A. | 2 082 335 | 39 006 | (15 371) | 2 105 970 |
| Share capital | 100 771 | 136 | (136) | 100 771 |
| Supplementary capital | 1 539 839 | 33 001 | (5 515) | 1 567 325 |
| Share premium | 116 700 | - | - | 116 700 |
| Treasury shares | (99 993) | - | - | (99 993) |
| Other reserves | 6 747 | 435 | (1 448) | 5 734 |
| Foreign exchange differences on translation | 372 | (65) | 1 014 | 1 321 |
| Retained earnings / (Accumulated losses) | 348 447 | 5 251 | (9 256) | 344 442 |
| Net profit (loss) for the period | 69 452 | 248 | (30) | 69 670 |
| Non-controlling interests | - | - | - | - |
| NON-CURRENT LIABILITIES | 32 222 | 1 309 | (1 281) | 32 250 |
| Other financial liabilities | 18 525 | 1 281 | (1 281) | 18 525 |
| Other liabilities | 2 560 | - | - | 2 560 |
| Deferred tax provision | 49 | - | - | 49 |
| Deferred income | 3 211 | 1 | - | 3 212 |
| Provision for retirement and similar benefits | 339 | 27 | - | 366 |
| Other provisions | 7 538 | - | - | 7 538 |
| CURRENT LIABILITIES | 121 165 | 51 268 | (2 665) | 169 768 |
| Other financial liabilities | 8 383 | 891 | (503) | 8 771 |
| Trade payables | 13 418 | 34 505 | (1 922) | 46 001 |
| Other liabilities | 5 032 | 4 378 | - | 9 410 |
| Deferred income | 8 806 | 6 236 | - | 15 042 |
| Provision for retirement and similar benefits | 9 | 1 | - | 10 |
| Other provisions | 85 517 | 5 257 | (240) | 90 534 |
| TOTAL LIABILITIES AND EQUITY | 2 235 722 | 91 583 | (19 317) | 2 307 988 |

Consolidated statement of financial position by segments as at 31.12.2022

| | CD PROJEKT RED | GOG.COM | Consolidation eliminations | Total |
|--|------------------|---------------|----------------------------|------------------|
| NON-CURRENT ASSETS | 1 104 545 | 32 593 | (17 160) | 1 119 978 |
| Property, plant and equipment | 143 837 | 3 269 | (1 854) | 145 252 |
| Intangible assets | 69 476 | 171 | (490) | 69 157 |
| Expenditure on development projects | 471 528 | 1 439 | 235 | 473 202 |
| Investment properties | 42 560 | - | - | 42 560 |
| Goodwill | 56 438 | - | - | 56 438 |
| Investments in subordinated entities | 15 092 | - | (15 092) | - |
| Shares in non-consolidated subordinated entities | 41 607 | - | - | 41 607 |
| Prepayments and deferred costs | 5 314 | 25 760 | - | 31 074 |
| Other financial assets | 207 437 | - | - | 207 437 |
| Deferred tax assets | 50 867 | 1 954 | 41 | 52 862 |
| Other receivables | 389 | - | - | 389 |
| CURRENT ASSETS | 1 095 224 | 64 332 | (5 410) | 1 154 146 |
| Inventories | 12 701 | - | - | 12 701 |
| Trade receivables | 164 079 | 6 621 | (5 410) | 165 290 |
| Current income tax receivable | 38 | 1 420 | - | 1 458 |
| Other receivables | 55 340 | 1 799 | - | 57 139 |
| Prepayments and deferred costs | 6 508 | 16 378 | - | 22 886 |
| Other financial assets | 279 515 | - | - | 279 515 |
| Bank deposits over 3 months | 337 330 | - | - | 337 330 |
| Cash and cash equivalents | 239 713 | 38 114 | - | 277 827 |
| TOTAL ASSETS | 2 199 769 | 96 925 | (22 570) | 2 274 124 |

| | CD PROJEKT RED | GOG.COM | Consolidation eliminations | Total |
|---|------------------|---------------|----------------------------|------------------|
| EQUITY | 2 009 986 | 38 715 | (15 297) | 2 033 404 |
| Equity attributable to owners of CD PROJEKT S.A. | 2 009 986 | 38 715 | (15 297) | 2 033 404 |
| Share capital | 100 771 | 136 | (136) | 100 771 |
| Supplementary capital | 1 539 839 | 33 001 | (5 515) | 1 567 325 |
| Share premium | 116 700 | - | - | 116 700 |
| Treasury shares | (99 993) | - | - | (99 993) |
| Other reserves | 3 268 | 391 | (1 404) | 2 255 |
| Foreign exchange differences on translation | 955 | (65) | 1 014 | 1 904 |
| Retained earnings / (Accumulated losses) | 6 351 | 4 | (9 006) | (2 651) |
| Net profit (loss) for the period | 342 095 | 5 248 | (250) | 347 093 |
| Non-controlling interests | - | - | - | - |
| NON-CURRENT LIABILITIES | 36 156 | 1 367 | (1 337) | 36 186 |
| Other financial liabilities | 18 883 | 1 337 | (1 337) | 18 883 |
| Other liabilities | 2 620 | - | - | 2 620 |
| Deferred tax provision | 50 | - | - | 50 |
| Deferred income | 3 666 | 3 | - | 3 669 |
| Provision for pension and similar benefits | 339 | 27 | - | 366 |
| Other provisions | 10 598 | - | - | 10 598 |
| CURRENT LIABILITIES | 153 627 | 56 843 | (5 936) | 204 534 |
| Other financial liabilities | 8 687 | 1 417 | (526) | 9 578 |
| Trade payables | 38 787 | 38 236 | (4 904) | 72 119 |
| Current income tax liabilities | 2 116 | - | - | 2 116 |
| Other liabilities | 4 382 | 5 862 | - | 10 244 |
| Deferred income | 16 379 | 6 046 | - | 22 425 |
| Provision for pension and similar benefits | 9 | 1 | - | 10 |
| Other provisions | 83 267 | 5 281 | (506) | 88 042 |
| TOTAL LIABILITIES AND EQUITY | 2 199 769 | 96 925 | (22 570) | 2 274 124 |

Consolidated statement of financial position by segments as at 31.03.2022

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

| | CD PROJEKT RED | GOG.COM | Consolidation eliminations | Total |
|---|------------------|---------------|----------------------------|------------------|
| EQUITY | 1 941 440 | 33 563 | (15 074) | 1 959 929 |
| Equity attributable to owners of CD PROJEKT S.A. | 1 941 440 | 33 563 | (15 074) | 1 959 929 |
| 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 | 45 225 | 335 | (1 348) | 44 212 |
| Foreign exchange differences on translation | 1 079 | (65) | 1 014 | 2 028 |
| Retained earnings / (Accumulated losses) | 241 273 | (29 791) | (9 006) | 202 476 |
| Net profit (loss) for the period | 68 849 | 152 | (83) | 68 918 |
| Non-controlling interests | - | - | - | - |
| NON-CURRENT LIABILITIES | 37 797 | 2 626 | (2 598) | 37 825 |
| Other financial liabilities | 23 309 | 2 598 | (2 598) | 23 309 |
| Other liabilities | 2 800 | - | - | 2 800 |
| Deferred income | 5 952 | 16 | - | 5 968 |
| Provision for pension and similar benefits | 368 | 12 | - | 380 |
| Other provisions | 5 368 | - | - | 5 368 |
| CURRENT LIABILITIES | 201 521 | 57 799 | (4 525) | 254 795 |
| Other financial liabilities | 33 327 | 771 | (771) | 33 327 |
| Trade payables | 33 650 | 40 575 | (2 953) | 71 272 |
| Current income tax liabilities | 31 589 | - | - | 31 589 |
| Other liabilities | 4 912 | 4 220 | - | 9 132 |
| Deferred income | 17 536 | 5 517 | - | 23 053 |
| Provision for pension and similar benefits | 6 | 1 | - | 7 |
| Other provisions | 80 501 | 6 715 | (801) | 86 415 |
| TOTAL LIABILITIES AND EQUITY | 2 180 758 | 93 988 | (22 197) | 2 252 549 |



Operating segments

In the first quarter of 2023, 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 Vancouver Studio Ltd. (Canada). The segment also includes the operations of the gear.cdprojektred.com mail-order shop offering products for fans of CD PROJEKT RED games (CD PROJEKT RED STORE sp. z o.o. was acquired by CD PROJEKT S.A. on 28 February 2023).

The segment's 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 use 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 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.

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.

As of 2018, the online game GWENT: The Witcher Card Game is available (PC, macOS, iOS, Android). In addition, the Parent Company offers Blood Wars: The Witcher Tales (PC, iOS, Nintendo Switch, Xbox One, PlayStation 4, Android), which is based on its mechanics and GWENT: Rouge Mage – an expansion to GWENT: The Witcher Card Game for single player (PC, 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 (DRM¹).

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.

Key products

As at the date of these financial statements, more than 7 300 products from more than 1 000 partners are available on the GOG.COM digital distribution platform. These include timeless classics as well as the latest titles from such recognizable companies as Bethesda, Disney, Electronic Arts, Ubisoft, Konami and Warner Bros. Games are also distributed via the proprietary GOG GALAXY app designed to provide the most convenient and functional experience for purchasing, playing and updating games offered in the GOG.COM catalogue and enabling, among other things, online play between platforms.

Through GOG.COM, the Group also sells its own products directly to retail customers, i.e. games from the Witcher universe and Cyberpunk 2077.

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



Description of the Issuer's major achievements or failures in the first quarter of 2023 by operating segments

CD PROJEKT RED

Events relating to Cyberpunk 2077

On 4 January 2023, the Steam platform awarded its Best Games Awards, honouring the game Cyberpunk 2077 with a win in the "Labor of love" category. As voted by players, Cyberpunk 2077 was recognized by the community for its continued support and development of the game.

On 11 April 2023, update 1.62 for Cyberpunk 2077 was unveiled, introducing a "technology familiarization" version of the new Ray Tracing: Overdrive mode. The update has been produced in collaboration with NVIDIA, and can be used by owners of advanced NVIDIA RTX 40 series graphics cards. This mode uses an innovative rendering technology, Path Tracing, which allows the images generated in the game to achieve even greater realism, making Cyberpunk 2077 one of the most technologically advanced games in the world.

On 27 April 2023, the studio announced that during the Summer Game Fest Play Days event in Los Angeles on 9-10 June 2023, invited journalists and developers will have the opportunity to play Phantom Liberty, the expansion for Cyberpunk 2077, for the first time.

On 15 May 2023, at the Digital Dragons Awards, the game Cyberpunk 2077 was honoured with an award in the Best Ongoing Polish Game category.

Events relating to the Witcher series games

The beginning of 2023 was marked by CD PROJEKT RED announcing its partnership with Amazon Games on 18 January. Lost Ark players from Europe and the Americas gained the opportunity to play Geralt of Rivia, as well as experience unique quests in Arkania inspired by the Witcher games.

On 26 January 2023, the boxed edition of The Witcher 3: Wild Hunt – Complete Edition for next-generation consoles was published.

On 7 February 2023, Geralt of Rivia, through CD PROJEKT RED's partnership with Epic Games, made his debut in the game Fortnite. Fortnite players can unlock this character in the game, and with him unique quests, events and items inspired by the Witcher games.

GOG.COM

Digital distribution of games

As at the date of publication of this report, the product range on GOG.COM comprises more than 7 300 items. In the first quarter of 2023, the platform's list of titles has expanded to include, among other things, titles such as: Wild West Dynasty, SpellForce: Conquest of Eo, Pharaoh: A New Era, SpongeBob SquarePants: The Cosmic Shake, Enderal: Forgotten Stories, Nehrim: At Fate's Edge, X-Blades HD, Dreams in the Witch House, Loretta.

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.

The first quarter of 2023 on GOG.COM is traditionally a period of cyclical promotional activities. The new calendar year kicked off with the Winter Sale, followed by the New Year's Sale at the end of January, during which gamers were able to purchase more than 3 200 games at bargain prices. In February this year, a promotional campaign was organized on the occasion of Saint Valentine's Day entitled "We love games", and in March – the GOG Spring Sale, the biggest event of the quarter, during which players had the opportunity to purchase more than 4 000 games at promotional prices.

Other corporate events

On 5 January 2023, the Company announced that it has been advised by the law firm representing the Company in the US class action that the US District Court for the District of Central California has issued an order granting preliminary approval of the settlement. The order approves the terms of the settlement relating specifically to the plaintiffs' complete withdrawal of any claims against the Company and its Management Board members and the payment to the plaintiffs of USD 1 850 000 by the Company and its insurer, Colonnade Insurance S.A.

On 23 January 2023, the RED Playtesting Program was announced – a new initiative by the studio to encourage player and community participation in the production process of the studio's games. During the playtests organized on the Warsaw campus of CD PROJEKT RED, invited participants can see and test elements of games in production and share their comments and impressions with the team, which will allow the studio to create games even better adapted to the expectations of players.

On 28 February 2023, the District Court for the Capital City of Warsaw in Warsaw entered in the Register of Businesses the merger through acquisition of the Company with its subsidiary CD PROJEKT RED STORE sp. z o.o. with its registered office in Warsaw, as the target company. The purpose of the merger was 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 the CD PROJEKT Group.

From 20 to 24 March 2023, one of the world's most important conferences for developers – the Game Developer Conference – was held in San Francisco, where CD PROJEKT RED studio was represented by a group of more than thirty specialists who, during presentations and panels, shared their knowledge and experience gained during the production of the game Cyberpunk 2077.

On 20 March 2023, the Company's Management Board announced that it has decided to recognize an impairment charge in its books of account in relation to the expenditure incurred to date on Project Sirius developed by The Molasses Flood studio. The decision was based on the results of the evaluation of the scope and commercial potential of the Project in its original formula. At the same time, it was reported that work is underway to define a new framework for the Project. The expenditure incurred on the development of the Sirius Project until the end of 2022 amounted to PLN 33.4 million and was charged to the Company's financial result for 2022.

The Extraordinary General Meeting of the Company was held on 18 April 2023. Shareholders voted on resolutions to adopt new incentive schemes A and B for 2023-2027 and to issue subscription warrants with disenfranchisement of existing shareholders. The EGM of the Company also decided to reduce the share capital and cancel 860 290 treasury shares acquired by the Company between 5 and 24 October 2022. The text of the adopted draft resolutions of the EGM is available [on the Company's website](#).

On 20 April 2023, the Company's Management Board announced that a merger plan between the Company, as the acquiring company, and its subsidiary SPOKKO sp. z o.o. has been agreed and signed. The Merger Plan (including the annexes to the plan) has been made available as an appendix to [current report no. 14/2023](#) and is also available [on the Company's website](#) and [on the website of the acquired company](#). The merger will take place on the date of entry in the register. According to the strategy adopted in October 2022, the Company will focus on its core business and implement mobile projects in collaboration with external partners.

On 28 April 2023, Forbes Poland declared CD PROJEKT RED the best employer in the IT industry in Poland and the second best employer in Poland.

On 8 May 2023, the Management Board of CD PROJEKT S.A. adopted a resolution on adopting and recommending to the General Meeting the method of distribution of the Company's net profit for 2022. The Management Board has proposed to allocate PLN 99 910 510.00 for the payment of dividend which means the dividend of PLN 1.00 per each participating share of the Company. The Management Board has proposed transferring the remaining part of the net profit of PLN 241 162 310.59 to supplementary capital. The dividend date is set for 13 June 2023 and the dividend payment date for 20 June 2023. After the Supervisory Board of the Company has given its opinion on the proposal, the final decision on profit distribution and dividend payment will be made by the Annual General Meeting, convened for 6 June 2023.

On 11 May 2023, the Management Board of CD PROJEKT, in reference to [current report no. 8/2023](#) of 20 March 2023, announced the completion of work on defining the new framework of Project Sirius being developed by The Molasses Flood studio. As a result of defining the new Project framework in the Company's books:

- the write-down of the development expenditure incurred in 2022 related to the Project, which originally amounted to PLN 33.4 million and was charged to the financial result of the Company and the CD PROJEKT Group for 2022, was partially reversed, in an amount of PLN 21.5 million;
- a part of the expenditure, in an amount of PLN 2.7 million, incurred on development related to the Project in Q1 2023 was written off.

The reversal of a part of the impairment charge for 2022 and writing off a part of the development expenditure incurred in Q1 2023 is the result of the decision to continue the Project within the newly defined framework and thus use a significant part of the work completed to date in the further development of the game being developed by The Molasses Flood studio.

On 15-16 May 2023, a representation of CD PROJEKT RED took part in the most important conference for the Polish game industry – Digital Dragons. Studio representatives shared their knowledge and experience gained from working on The Witcher and Cyberpunk 2077.

On 18 May 2023, the studio announced the date for this year's Promised Land Art Festival, a unique gathering for creative professionals from the creative industries (including film, video games and digital art). This year's festival will take place between 2 and 6 September at the EC1 complex in Łódź.

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 the best creative professionals and experts, and to attract new specialists to work on the Group's projects is of critical importance. Strategic directions related to talent acquisition, team development and support are presented in the [CD PROJEKT Group Strategy Update of 2021](#) (including its discussion in the form of a video commentary) and in the [CD PROJEKT Group Sustainable Development Report for 2022](#).

At the same time, important aspects supporting the development of the Group will include effective implementation of the production plan of CD PROJEKT RED presented in October 2022, within the framework of [Strategy Update](#), as well as further development of recognisability and popularity of franchises (including through cooperation with external entities) and the enrichment with multiplayer gameplay elements of selected titles developed within the framework of owned IPs.

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 2022](#).

Looking ahead to the next quarters of 2023, the CD PROJEKT Group intends to continue the organic growth of its business.

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 The 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.

Looking ahead to the next quarters, particularly important activities for the CD PROJEKT RED studio will include the release of a major expansion to Cyberpunk 2077 and continued organic growth of the business, also within the newly established CD PROJEKT RED North America studio.

Another important process in the context of the development of the CD PROJEKT RED studio is the continuation of work on implementing the new Unreal Engine 5 (the licence and partnership agreement with Epic Games was concluded in March 2022). The new engine used should contribute to making the process of games creation more efficient. 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. Performing work on the UE5 engine should also facilitate recruitment to the studio's development teams due to the good knowledge of the Unreal Engine among game creators.

A key factor in maintaining the high growth dynamics of the CD PROJEKT RED segment in the future is the further development of the in-house ability to produce games of the highest world class and quality, combined with the ability to communicate effectively with players around the world. Both are part of the RED 2.0 studio's ongoing transformation, which aims, among other things, to change the way games are developed to be more flexible, based on agile methodologies, and to support the quality of future products. The growing team, as well as the number and scale of productions, requires the ability to effectively manage teams and production within CD PROJEKT RED's studios in Europe (consisting of offices in Warsaw, Kraków and Wrocław) and North America (Vancouver and the newly established office in Boston), The Molasses Flood studio (Boston), as well as publishing activities realized mainly by teams from Warsaw, Los Angeles, Seoul, Tokyo and local representatives in other countries. The success of each of the studio's productions is important from the perspective of its being perceived as a creator of highly anticipated, top-quality entertainment products and building the long-term value and recognisability of The Witcher, Cyberpunk brands, the internally produced third franchise and the studio's own brand – which are the cornerstones of the Company's and Group's operations and continued growth. On the management side of ongoing projects, having two product lines – The Witcher and Cyberpunk – as well as two independent development teams enabled parallel production of individual projects starting in 2022. Changing the operations to a publishing model based on two brands running in parallel, and in the future three or more projects running concurrently, will potentially enable optimization in terms of production and finance, increase the frequency of new launches and increase the aggregate revenue, and will help further diversify risks, while opening up more opportunities for professional self-realization for the creators employed by the Company.

GOG.COM

In the GOG.COM segment, the increasing propensity of consumers to purchase games directly online in recent years has been an element supporting growth.

It will be important for the further development of the GOG.COM platform to further popularize it among gamers and to acquire more 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 the products offered, expansion of GOG sp. z o.o.'s operations also requires growing the user base by reaching to 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 intensive own PR activities, cooperation with business partners 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 development of the CD PROJEKT Group will also be influenced by the development work carried out by its subsidiary The Molasses Flood.

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 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 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 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 effects of the Russian armed invasion of Ukraine do 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 materially 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 2023, 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 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 cyclicity of the Group's operations

CD PROJEKT RED

Segment revenues and results are strongly affected by the new titles' 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.

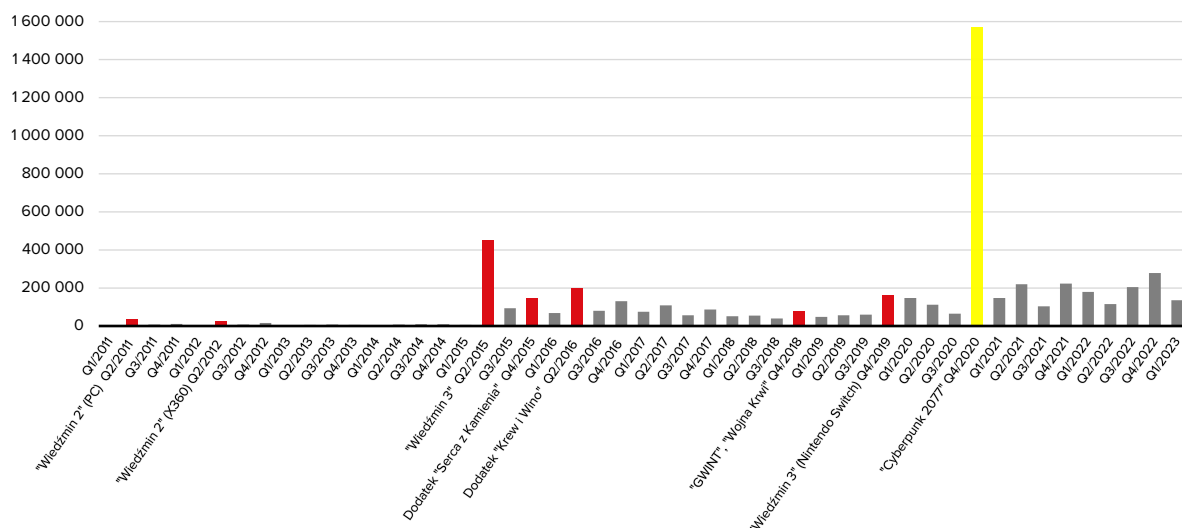
CD PROJEKT RED also engages in smaller-scale projects – such as add-ons for its own games or adapting the existing products to work on new gaming platforms. Such projects may be carried out directly by the Company or by its external partners, and their implementation takes from less than ten to below 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 products.



Chart 1 Release quarters of the CD PROJEKT RED segment – sales of products, goods for resale and materials in 2011-2023 (in PLN thousands)

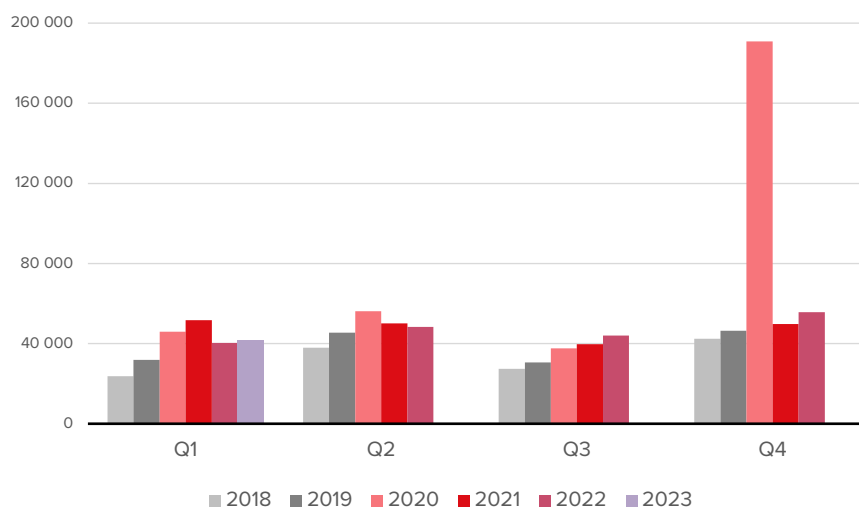


GOG.COM

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.

Chart 2 Quarterly distribution of sales of goods for resale and materials of the GOG.COM segment in 2018-2023 (in PLN thousand)





Key customers

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

Within the CD PROJEKT RED segment, the commercial activities carried out by CD PROJEKT S.A. in cooperation with two customers generated cumulative sales exceeding 10% of the CD PROJEKT Group's total consolidated sales revenue by the end of the first quarter of 2023:

- recipient I: PLN 54 334 thousand, which accounted for 31.1% of the Group's total consolidated sales revenue,
- recipient II: PLN 29 559 thousand, which accounted for 16.9% of the Group's total consolidated sales revenue.

The customers referred to above are not related to CD PROJEKT S.A. or its subsidiaries. In the remaining business segments, no external single customer exceeded the threshold of 10% of the Group's consolidated revenue.



CD PROJEKT

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

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

In connection with defining the new framework of the Sirius project being developed by The Molasses Flood studio, the write-down of the development expenditure incurred until the end of 2022, development expenditure was partly reversed (an increase in the balance of **Other operating income** of PLN 21 531 thousand) and writing off a part of the expenditure incurred on the project in the first quarter of 2023 (an increase in the balance of **Other operating expenses** of PLN 2 745 thousand), which significantly affected the Group's results and the corresponding items of the Statement of financial position and the Statement of cash flows presented in these financial statements.

Note 2. Property, plant and equipment

Changes in property, plant and equipment (by category) for the period 01.01.2023 31.03.2023

| | Land | Buildings and structures | Civil and water engineering facilities | Plant and machinery | Vehicles | Other assets | Assets under construction | Total |
|--|---------------|--------------------------|--|---------------------|--------------|--------------|---------------------------|----------------|
| Gross carrying amount as at 01.01.2023 | 40 435 | 82 297 | 1 925 | 58 856 | 3 251 | 5 776 | 28 089 | 220 629 |
| Increase due to: | - | 983 | 2 | 11 046 | 31 | 212 | 3 213 | 15 487 |
| purchase | - | 72 | 2 | 11 009 | 31 | 212 | 3 213 | 14 539 |
| lease contracts concluded | - | 291 | - | - | - | - | - | 291 |
| transfer from assets under construction | - | 569 | - | 33 | - | - | - | 602 |
| reclassification | - | 51 | - | - | - | - | - | 51 |
| other | - | - | - | 4 | - | - | - | 4 |
| Decrease due to: | - | 4 094 | - | 293 | 1 | - | 639 | 5 027 |
| sale | - | - | - | 105 | - | - | - | 105 |
| scrapping | - | 956 | - | 124 | - | - | 1 | 1 081 |
| transfer from assets under construction | - | - | - | - | - | - | 601 | 601 |
| reclassification | - | - | - | 51 | - | - | 37 | 88 |
| lease contracts terminated | - | 3 138 | - | - | - | - | - | 3 138 |
| other | - | - | - | 13 | 1 | - | - | 14 |
| Gross carrying amount as at 31.03.2023 | 40 435 | 79 186 | 1 927 | 69 609 | 3 281 | 5 988 | 30 663 | 231 089 |
| Accumulated depreciation as at 01.01.2023 | 1 817 | 25 351 | 717 | 42 482 | 1 537 | 3 473 | - | 75 377 |
| Increase due to: | 142 | 1 800 | 40 | 2 782 | 149 | 239 | - | 5 152 |
| depreciation charge | 142 | 1 717 | 40 | 2 782 | 149 | 239 | - | 5 069 |
| reclassification | - | 83 | - | - | - | - | - | 83 |
| Decrease due to: | - | 4 075 | - | 300 | - | - | - | 4 375 |
| sale | - | - | - | 105 | - | - | - | 105 |
| scrapping | - | 928 | - | 111 | - | - | - | 1 039 |
| reclassification | - | - | - | 83 | - | - | - | 83 |
| termination of lease contracts | - | 3 138 | - | - | - | - | - | 3 138 |
| other | - | 9 | - | 1 | - | - | - | 10 |
| Accumulated depreciation as at 31.03.2023 | 1 959 | 23 076 | 757 | 44 964 | 1 686 | 3 712 | - | 76 154 |
| Impairment write-downs as at 01.01.2023 | - | - | - | - | - | - | - | - |
| Impairment write-downs as at 31.03.2023 | - | - | - | - | - | - | - | - |
| Net carrying amount as at 01.01.2023 | 38 618 | 56 946 | 1 208 | 16 374 | 1 714 | 2 303 | 28 089 | 145 252 |
| Net carrying amount as at 31.03.2023 | 38 476 | 56 110 | 1 170 | 24 645 | 1 595 | 2 276 | 30 663 | 154 935 |

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

| | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|---|---------------|------------|------------|
| Construction of an office building on the CD PROJEKT campus | 97 072 | - | - |
| Leasing of passenger cars | 429 | 599 | 429 |
| Total | 97 501 | 599 | 429 |

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

| | 31.03.2023 | | |
|--|---------------|--------------------------|---------------|
| | Gross amount | Accumulated depreciation | Net amount |
| Land | 14 540 | 720 | 13 820 |
| Real properties | 12 903 | 7 670 | 5 233 |
| Civil and water engineering facilities | 99 | 99 | - |
| Vehicles | 2 256 | 737 | 1 519 |
| Total | 29 798 | 9 226 | 20 572 |

| | 31.12.2022 | | |
|--|---------------|--------------------------|---------------|
| | Gross amount | Accumulated depreciation | Net amount |
| Land | 14 540 | 669 | 13 871 |
| Real properties | 14 332 | 8 735 | 5 597 |
| Civil and water engineering facilities | 99 | 99 | - |
| Vehicles | 2 264 | 625 | 1 639 |
| Total | 31 235 | 10 128 | 21 107 |

| | 31.03.2022 | | |
|--|---------------|--------------------------|---------------|
| | Gross amount | Accumulated depreciation | Net amount |
| Land | 14 540 | 515 | 14 025 |
| Real properties | 11 276 | 6 577 | 4 699 |
| Civil and water engineering facilities | 94 | 59 | 35 |
| Vehicles | 1 512 | 347 | 1 165 |
| Total | 27 422 | 7 498 | 19 924 |



Note 3. Intangible assets and expenditure on development projects

Changes in intangible assets and expenditure on development projects for the period 01.01.2023 – 31.03.2023

| | Expenditure on development projects in progress | Expenditure on completed development projects | Trademarks | Patents and licenses | Copyright | Computer software | Goodwill | Intangible assets under construction | Total |
|--|---|---|---------------|----------------------|---------------|-------------------|---------------|--------------------------------------|------------------|
| Gross carrying amount as at 01.01.2023* | 247 277 | 930 087 | 33 199 | 4 160 | 18 469 | 50 078 | 56 438 | 172 | 1 339 880 |
| Increase due to: | 74 219 | - | - | 371 | - | 437 | - | 418 | 75 445 |
| purchase | - | - | - | 371 | - | 396 | - | 367 | 1 134 |
| assets internally generated | 74 219 | - | - | - | - | - | - | 51 | 74 270 |
| reclassification | - | - | - | - | - | 41 | - | - | 41 |
| Decrease due to: | 14 589 | - | - | 41 | - | - | - | - | 14 630 |
| scrapping | 2 745 | - | - | - | - | - | - | - | 2 745 |
| utilization of impairment write-downs | 11 844 | - | - | - | - | - | - | - | 11 844 |
| reclassification | - | - | - | 41 | - | - | - | - | 41 |
| Gross carrying amount as at 31.03.2023 | 306 907 | 930 087 | 33 199 | 4 490 | 18 469 | 50 515 | 56 438 | 590 | 1 400 695 |
| Accumulated amortization as at 01.01.2023 | - | 657 011 | - | 2 767 | 301 | 33 853 | - | - | 693 932 |
| Increase due to: | - | 21 724 | - | 230 | 75 | 1 245 | - | - | 23 274 |
| amortization charge | - | 21 724 | - | 230 | 75 | 1 245 | - | - | 23 274 |
| Decrease | - | - | - | - | - | - | - | - | - |
| Accumulated amortization as at 31.03.2023 | - | 678 735 | - | 2 997 | 376 | 35 098 | - | - | 717 206 |
| Impairment write-downs as at 01.01.2023 | 33 375 | 13 776 | - | - | - | - | - | - | 47 151 |
| Increase | - | - | - | - | - | - | - | - | - |
| Decrease due to: | 33 375 | - | - | - | - | - | - | - | 33 375 |
| reversal of write-downs | 21 531 | - | - | - | - | - | - | - | 21 531 |
| reversal of write-downs (write-off) | 11 844 | - | - | - | - | - | - | - | 11 844 |
| Impairment write-downs as at 31.03.2023 | - | 13 776 | - | - | - | - | - | - | 13 776 |
| Net carrying amount as at 01.01.2023 | 213 902 | 259 300 | 33 199 | 1 393 | 18 168 | 16 225 | 56 438 | 172 | 598 797 |
| Net carrying amount as at 31.03.2023 | 306 907 | 237 576 | 33 199 | 1 493 | 18 093 | 15 417 | 56 438 | 590 | 669 713 |

* restated data

Amounts of contractual commitments to purchase intangible assets in future

Not applicable.

Note 4. Goodwill

During the period from 1 January to 31 March 2023 there were no changes in goodwill.

Note 5. Investment properties

The Parent Company owns a real estate complex located at ul. Jagiellońska 74 and 76 in Warsaw. Given that a 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.

The last appraisal report by the expert surveyor, for the buildings recognized as investment properties, was prepared on the basis of unit prices for the construction of buildings with the most similar parameters included in the Bistyp Catalogue of Unit Prices for Works and Investment Facilities 2021. The valuation of the individual assets amounted to PLN 60 692 thousand for the buildings at ul. Jagiellońska 74, and PLN 13 212 thousand for the buildings at ul. Jagiellońska 76.

Changes in investment properties for the period 01.01.2023 – 31.03.2023

| | |
|--|---------------|
| Gross carrying amount as at 01.01.2023 | 47 946 |
| Increase due to: | 98 |
| capitalized expenditure | 98 |
| Decrease | - |
| Gross carrying amount as at 31.03.2023 | 48 044 |
| Accumulated amortization as at 01.01.2023 | 5 386 |
| Increase due to: | 470 |
| amortization charge | 470 |
| Decrease | - |
| Accumulated amortization as at 31.03.2023 | 5 856 |
| Impairment write-downs as at 01.01.2023 | - |
| Increase | - |
| Decrease | - |
| Impairment write-downs as at 31.03.2023 | - |
| Net carrying amount as at 31.03.2023 | 42 188 |

Contractual liabilities on purchase of investment properties

Not applicable.

Note 6. Inventories

| | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|--------------------------|---------------|---------------|---------------|
| Goods for resale | 10 362 | 12 697 | 14 909 |
| Other materials | 3 | 4 | 61 |
| Gross inventories | 10 365 | 12 701 | 14 970 |
| Inventory write-downs | - | - | - |
| Net inventories | 10 365 | 12 701 | 14 970 |

Changes in inventory write-downs

Not applicable.

Note 7. Trade and other receivables

| | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|---|----------------|----------------|----------------|
| Trade and other receivables, gross | 129 334 | 223 636 | 182 819 |
| Write-downs | 816 | 818 | 813 |
| Trade and other receivables | 128 518 | 222 818 | 182 006 |
| from related entities | 189 | 1 855 | 1 356 |
| from other entities | 128 329 | 220 963 | 180 650 |

Change in write-downs of receivables

| | Trade receivables | Other receivables | Total |
|-------------------------------------|-------------------|-------------------|------------|
| OTHER ENTITIES | | | |
| Write-downs as at 01.01.2023 | 86 | 732 | 818 |
| Increase | - | - | - |
| Decreases, including: | 2 | - | 2 |
| release of write-downs (write-off) | 2 | - | 2 |
| Write-downs as at 31.03.2023 | 84 | 732 | 816 |

Current and overdue trade receivables as at 31.03.2023

| | Total | Not overdue | Overdue, in days | | | | |
|-------------------------------------|-------|-------------|------------------|---------|----------|-----------|------|
| | | | 1 – 60 | 61 – 90 | 91 – 180 | 181 – 360 | >360 |
| RELATED ENTITIES | | | | | | | |
| gross receivables | 187 | 187 | - | - | - | - | - |
| default ratio | | 0% | 0% | 0% | 0% | 0% | 0% |
| write-down resulting from the ratio | - | - | - | - | - | - | - |
| write-down determined individually | - | - | - | - | - | - | - |
| total expected credit losses | - | - | - | - | - | - | - |
| Net receivables | 187 | 187 | - | - | - | - | - |

| | Total | Not overdue | Overdue, in days | | | | |
|-------------------------------------|--------|-------------|------------------|---------|----------|-----------|------|
| | | | 1 – 60 | 61 – 90 | 91 – 180 | 181 – 360 | >360 |
| OTHER ENTITIES | | | | | | | |
| gross receivables | 73 635 | 73,512 | 37 | 1 | 1 | - | 84 |
| default ratio | | 0% | 0% | 0% | 0% | 0% | 0% |
| write-down resulting from the ratio | - | - | - | - | - | - | - |
| write-down determined individually | 84 | - | - | - | - | - | 84 |
| total expected credit losses | 84 | - | - | - | - | - | 84 |
| Net receivables | 73 551 | 73,512 | 37 | 1 | 1 | - | - |

| | | | | | | | |
|------------------------|---------------|---------------|-----------|----------|----------|---|----|
| Total | | | | | | | |
| gross receivables | 73 822 | 73 699 | 37 | 1 | 1 | - | 84 |
| impairment write-downs | 84 | - | - | - | - | - | 84 |
| Net receivables | 73 738 | 73 699 | 37 | 1 | 1 | - | - |

Other receivables

| | 31.03.2023 | 31.12.2022 | 31.03.2022* |
|---|---------------|---------------|----------------|
| Other gross receivables, including: | 55 512 | 58 260 | 114 316 |
| tax receivables, other than corporate income tax | 38 180 | 43 414 | 69 462 |
| reimbursement from the insurer for part of the costs of the US court settlement | 6 354 | - | - |
| prepayments for inventories | 5 821 | 6 940 | 10 346 |
| settlements with suppliers of property, plant and equipment items | 2 059 | 4 160 | - |
| prepayments for development projects | 1 081 | 1 433 | 32 480 |
| security deposits | 825 | 1 071 | 1 014 |
| prepayments for property, plant and equipment and intangible assets | 138 | 135 | 10 |
| provisions for sales revenue – prepayments | 22 | 137 | 75 |
| settlements with employees | 12 | - | 31 |
| settlements with members of the management boards of the Group companies | 2 | 2 | 8 |
| settlements with payment operators | - | 7 | - |
| other | 1 018 | 961 | 890 |
| Write-downs | 732 | 732 | 732 |
| Other receivables, including: | 54 780 | 57 528 | 113 584 |
| short-term | 54 390 | 57 139 | 113 206 |
| long-term | 390 | 389 | 378 |

* restated data

Note 8. Other financial assets

| | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|---|----------------|----------------|----------------|
| Loans granted | 2 596 | 739 | 10 441 |
| Bonds | 468 630 | 475 848 | 427 607 |
| Derivative financial instruments | 19 606 | 7 809 | 236 |
| Private equity interests in the gaming sector | 2 469 | 2 556 | - |
| Other financial assets, including: | 493 301 | 486 952 | 438 284 |
| short-term | 277 203 | 279 515 | 261 828 |
| long-term | 216 098 | 207 437 | 176 456 |

Note 9. Prepayments and deferred costs

| | 31.03.2023 | 31.12.2022* | 31.03.2022* |
|--|---------------|---------------|---------------|
| Minimum guarantees, advance payments and prepayments GOG.COM | 42 557 | 41 457 | 21 496 |
| Software, licenses | 7 903 | 6 186 | 5 815 |
| Costs of future marketing services | 1 556 | 1 597 | 1 715 |
| Fees for pre-emptive rights | 1 244 | 1 271 | 1 351 |
| Costs of repairs and maintenance | 1 057 | 1 142 | 1 387 |
| Property and personal insurance | 511 | 785 | 332 |
| Costs of IT security resources | 392 | 380 | 432 |
| Costs in connection with redevelopment of the car park | 260 | 260 | - |
| Fees for perpetual usufruct of land | 211 | - | 213 |
| Staff relocation costs | 179 | 39 | - |
| Domains, servers | 174 | 235 | 49 |
| Business travel (tickets, hotels, insurance) | 165 | 85 | 48 |
| Marketing campaigns | - | - | 3 |
| Other prepayments and deferred costs | 788 | 523 | 409 |
| Prepayments and deferred costs, including: | 56 997 | 53 960 | 33 250 |
| short-term | 28 099 | 22 886 | 18 931 |
| long-term | 28 898 | 31 074 | 14 319 |

* restated data

Note 10. Deferred income tax

Deductible temporary differences underlying the deferred tax asset

| | 31.12.2022* | Differences affecting the deferred tax recognized in the profit or loss | 31.03.2023 |
|--|----------------|--|----------------|
| Provision for other employee benefits | 376 | - | 376 |
| Provision for costs of performance-related and other remuneration | 49 565 | 8 270 | 57 835 |
| Tax loss | 5 467 | (454) | 5 013 |
| Foreign exchange losses | 7 573 | 2 638 | 10 211 |
| Difference between the carrying and tax amount of expenditure on development projects | 34 836 | (17 857) | 16 979 |
| Salaries and wages and social security payable in future periods | 47 | 1 | 48 |
| Deferred income in respect of virtual wallet top- ups and fringe benefit scheme | 3 955 | 262 | 4 217 |
| Other provisions | 34 167 | (7 199) | 26 968 |
| Tax value of leased non-current assets | 20 697 | (157) | 20 540 |
| Research and development relief | 318 126 | - | 318 126 |
| Prepayments recognized as revenue for tax purposes | 7 523 | (1 809) | 5 714 |
| Difference between the net carrying amount and tax amount of property, plant and equipment and intangible assets | 12 | 12 | 24 |
| Measurement of forward contracts | 892 | (504) | 388 |
| Other | - | (31) | (31) |
| Total deductible differences, including: | 483 236 | (16 828) | 466 408 |
| taxed at 5% | 71 657 | 23 074 | 94 731 |
| taxed at 19% | 410 344 | (39 871) | 370 473 |
| deferred tax charged abroad | 1 235 | (31) | 1 204 |
| Deferred income tax asset | 81 900 | (6 428) | 75 472 |

* restated data

Taxable temporary differences underlying the deferred tax provision

| | 31.12.2022* | Differences affecting the deferred tax recognized in the profit or loss | 31.03.2023 |
|--|----------------|---|----------------|
| Difference between the net carrying amount and tax amount of property, plant and equipment and intangible assets | 17 780 | 1 036 | 18 816 |
| Current period revenue invoiced in the subsequent period/accrued income | 132 427 | (68 619) | 63 808 |
| Foreign exchange gains | 8 722 | (5 918) | 2 804 |
| Difference between the carrying and tax amount of expenditure on development projects | 254 638 | (14 093) | 240 545 |
| Book value of leased non-current assets | 20 844 | (258) | 20 586 |
| Other | 151 | (6) | 145 |
| Total taxable differences, including: | 434 562 | (87 858) | 346 704 |
| taxed at 5% | 382 911 | (59 141) | 323 770 |
| taxed at 19% | 50 214 | (28 682) | 21 532 |
| deferred tax charged abroad | 1 437 | (35) | 1 402 |
| Deferred tax provision | 29 088 | (8 417) | 20 671 |

* 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

| | 31.03.2023 | 31.12.2022* | 31.03.2022 |
|------------------------|------------|-------------|------------|
| Deferred tax asset | 75 472 | 81 900 | 75 150 |
| Deferred tax provision | 20 671 | 29 088 | 24 971 |

* restated data

Income tax expense recognized in the income statement

| | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 |
|--|-------------------------|-------------------------|
| Current income tax, including: | 12 681 | 25 729 |
| withholding tax paid abroad | 6 071 | 15 673 |
| Change in deferred tax | (1 987) | (2 754) |
| Income tax expense recognized in the income statement | 10 694 | 22 975 |

Note 11. Provision for retirement and similar benefits

| | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|---|------------|------------|------------|
| Provision for retirement and disability bonuses | 376 | 376 | 387 |
| Total, including: | 376 | 376 | 387 |
| short-term | 10 | 10 | 7 |
| long-term | 366 | 366 | 380 |

During the period from 1 January to 31 March 2023 there were no changes in provisions for retirement and similar benefits.

Note 12. Other provisions

| | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|---|---------------|---------------|---------------|
| Provision for liabilities, including: | 98 072 | 98 640 | 91 783 |
| provision for costs of performance-related and other remuneration | 76 582 | 67 966 | 58 105 |
| provision for costs of the audit and review of the financial statements | 54 | 167 | 184 |
| provision for costs of external services | 818 | 850 | 1 085 |
| provision for other costs | 20 618 | 29 657 | 32 409 |
| Total, including: | 98 072 | 98 640 | 91 783 |
| short-term | 90 534 | 88 042 | 86 415 |
| long-term | 7 538 | 10 598 | 5 368 |

Change in other provisions

| | Provision for costs of performance-related and other remuneration | Other provisions | Total |
|-------------------------------------|---|------------------|---------------|
| As at 01.01.2023 | 67 966 | 30 674 | 98 640 |
| Provisions recorded during the year | 8 616 | 18 231 | 26 847 |
| Provisions utilized/released | - | 27 415 | 27 415 |
| As at 31.03.2023, including: | 76 582 | 21 490 | 98 072 |
| short-term | 76 582 | 13 952 | 90 534 |
| long-term | - | 7 538 | 7 538 |

Note 13. Other liabilities

| | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|---|---------------|---------------|---------------|
| Liabilities in respect of taxes, customs duties, social security and other, with the exception of corporate income tax | 8 943 | 9 547 | 8 679 |
| VAT | 3 859 | 5 302 | 3 841 |
| Withholding tax | 43 | 32 | 888 |
| Personal income tax | 560 | 1 944 | 1 112 |
| Social security contributions | 4 296 | 2 043 | 2 723 |
| State Disabled Persons Fund (PFRON) | 83 | 75 | 62 |
| PIT-8AR (personal income tax) settlements | 32 | 134 | 53 |
| Other | 70 | 17 | - |
| Other liabilities | 3 027 | 3 317 | 3 253 |
| Liabilities in respect of pre-emptive rights and costs of future marketing services | 2 560 | 2 620 | 2 800 |
| Other settlements with employees | 176 | 241 | 105 |
| Other settlements with members of the Management Boards | 29 | 32 | 22 |
| Prepayments received from foreign customers | - | 8 | - |
| Other liabilities | 262 | 416 | 326 |
| Total other liabilities | 11 970 | 12 864 | 11 932 |
| short-term | 9 410 | 10 244 | 9 132 |
| long-term | 2 560 | 2 620 | 2 800 |

Note 14. Deferred income

| | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|------------------------------------|---------------|---------------|---------------|
| Subsidies | 5 048 | 5 511 | 7 812 |
| Sales relating to future periods | 8 589 | 16 088 | 17 105 |
| GOG portfolio | 4 572 | 4 460 | 4 058 |
| Rental of company phones | 45 | 35 | 46 |
| Deferred income, including: | 18 254 | 26 094 | 29 021 |
| short-term | 15 042 | 22 425 | 23 053 |
| long-term | 3 212 | 3 669 | 5 968 |

Note 15. Information on financial instruments

Fair values of specific classes of financial instruments

The Management Board 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 31 March 2023, 31 December 2022 and 31 March 2022.

| | 31.03.2023 | 31.12.2022* | 31.03.2022 |
|---|----------------|----------------|----------------|
| LEVEL 1 | | | |
| Assets measured at fair value | | | |
| Assets measured at fair value through other comprehensive income | 232 091 | 243 091 | 177 736 |
| bonds issued by foreign governments - EUR | 16 440 | 25 111 | 24 731 |
| bonds issued by foreign governments - USD | 215 651 | 217 980 | 153 005 |
| LEVEL 2 | | | |
| Assets measured at fair value through profit or loss | | | |
| Derivatives | 19 606 | 7 809 | 236 |
| currency forwards - EUR | 1 112 | 1 249 | 6 |
| currency forwards - USD | 18 494 | 6 560 | 230 |
| Private equity interests in the gaming sector | 2 469 | 2 556 | - |
| private equity interests in the gaming sector - SEK | 1 038 | 1 085 | - |
| private equity interests in the gaming sector - USD | 1 431 | 1 471 | - |
| Liabilities measured at fair value through profit or loss | | | |
| Derivatives | 388 | 891 | 24 303 |
| currency forwards - EUR | 38 | 72 | 598 |
| currency forwards - USD | 350 | 819 | 23 705 |

* 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 on observable market data.

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

Financial assets – classification and measurement

| | 31.03.2023 | 31.12.2022 | 31.03.2022* |
|---|------------------|------------------|------------------|
| Financial assets measured at amortized cost | 956 884 | 1 014 332 | 1 163 087 |
| Other non-current receivables | 390 | 389 | 378 |
| Trade receivables | 73 738 | 165 290 | 68 422 |
| Cash and cash equivalents | 154 738 | 277 827 | 748 585 |
| Bank deposits over 3 months | 488 883 | 337 330 | 85 390 |
| Treasury bonds and bonds guaranteed by the State Treasury | 236 539 | 232 757 | 249 871 |
| Loans granted | 2 596 | 739 | 10 441 |
| Financial assets measured at cost | 41 394 | 41 607 | 39 240 |
| Shares in non-consolidated subordinated entities | 41 394 | 41 607 | 39 240 |
| Assets measured at fair value through other comprehensive income | 232 091 | 243 091 | 177 736 |
| Bonds issued by foreign governments | 232 091 | 243 091 | 177 736 |
| Financial assets measured at fair value through profit or loss | 22 075 | 10 365 | 236 |
| Derivative financial instruments | 19 606 | 7 809 | 236 |
| Private equity interests in the gaming sector | 2 469 | 2 556 | - |
| Total financial assets | 1 252 444 | 1 309 395 | 1 380 299 |

* restated data

Financial liabilities – classification and measurement

| | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|---|---------------|----------------|----------------|
| Financial liabilities measured at amortized cost | 72 909 | 99 689 | 103 605 |
| Trade payables | 46 001 | 72 119 | 71 272 |
| Other financial liabilities | 26 908 | 27 570 | 32 333 |
| Financial liabilities at fair value through profit or loss | 388 | 891 | 24 303 |
| Derivative financial instruments | 388 | 891 | 24 303 |
| Total financial liabilities | 73 297 | 100 580 | 127 908 |

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.

Note 16. Sales revenue

Sales revenue – geographical structure*

| | 01.01.2023 – 31.03.2023 | | 01.01.2022 – 31.03.2022 | |
|---------------------------------|-------------------------|---------------|-------------------------|---------------|
| | in PLN | in % | in PLN | in % |
| Domestic sales | 5 848 | 3.35% | 7 855 | 3.63% |
| Export sales, including: | 168 909 | 96.65% | 208 291 | 96.37% |
| Europe | 36 155 | 20.69% | 44 678 | 20.67% |
| North America | 115 720 | 66.22% | 141 329 | 65.40% |
| South America | 796 | 0.46% | 634 | 0.29% |
| Asia | 14 359 | 8.22% | 19 929 | 9.22% |
| Australia | 1 772 | 1.00% | 1 673 | 0.77% |
| Africa | 107 | 0.06% | 48 | 0.02% |
| Total | 174 757 | 100% | 216 146 | 100% |

* 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

| | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 |
|------------------------|----------------------------|----------------------------|
| Own production | 130 595 | 173 787 |
| Third party production | 43 734 | 41 724 |
| Other revenue | 428 | 635 |
| Total | 174 757 | 216 146 |

Sales revenue – by distribution channel

| | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 |
|------------------------|----------------------------|----------------------------|
| Games – box issues | 12 287 | 10 712 |
| Games – digital issues | 156 326 | 197 926 |
| Other revenue | 6 144 | 7 508 |
| Total | 174 757 | 216 146 |

Note 17. Operating expenses

| | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022* |
|--|----------------------------|-----------------------------|
| Depreciation and amortization of property, plant and equipment, intangible assets, expenditure on development projects and investment properties, including: | 3 424 | 3 894 |
| depreciation on leased buildings | 380 | 421 |
| depreciation of leased vehicles | 98 | 81 |
| Materials and energy used | 710 | 634 |
| External services, including: | 21 192 | 37 829 |
| costs of short-term leases and low value leases | 43 | 41 |
| Taxes and fees | 356 | 265 |
| Salaries and wages, social insurance and other benefits | 40 577 | 37 350 |
| Business travel | 808 | 81 |
| Cost of using company cars | 60 | 59 |
| Cost of goods for resale and materials sold | 32 394 | 29 255 |
| Costs of products and services sold | 21 858 | 18 372 |
| Other costs | 407 | 511 |
| Total | 121 786 | 128 250 |
| Selling expenses | 39 048 | 54 110 |
| Total administrative expenses, including: | 28 486 | 26 513 |
| cost of research work | 1 430 | 4 977 |
| Cost of sales | 54 252 | 47 627 |
| Total | 121 786 | 128 250 |

* restated data

Note 18. Other operating income and expenses

Other operating income

| | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 |
|---|----------------------------|----------------------------|
| Reversal of a write-down of expenditure on development projects in progress | 21 531 | - |
| Rental income | 1 674 | 1 660 |
| Subsidies | 462 | 465 |
| Other sales | 289 | 11 |
| Fixed assets and goods for resale received free of charge | 168 | - |
| Income from re-invoicing | 137 | 226 |
| Refund of overpaid tax on civil law transactions | 94 | - |
| Gains on disposal of non-current assets | 2 | 3 |
| Release of unused provisions for costs | - | 206 |
| Other | 106 | 19 |
| Total other operating income | 24 463 | 2 590 |

Other operating expenses

| | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 |
|--|----------------------------|----------------------------|
| Scrapping of fixed assets and intangible assets | 2 787 | 170 |
| Cost of rental | 1 057 | 894 |
| Depreciation of investment properties | 464 | 463 |
| Donations and charity | 404 | 1 097 |
| Cost of sales on other sales | 372 | - |
| VAT written off | 255 | - |
| Cost of destruction of materials and goods for resale | 150 | 2 301 |
| Costs relating to re-invoicing | 137 | 226 |
| Provision for the uninsured portion of the US court settlement costs | 59 | - |
| Other | 212 | 12 |
| Total other operating expenses | 5 897 | 5 163 |

Note 19. Finance income and costs

Finance income

| | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 |
|--|----------------------------|----------------------------|
| Interest income | 9 823 | 7 663 |
| on current bank deposits | 5 831 | 2 364 |
| on bonds | 3 956 | 5 198 |
| on loans | 36 | 101 |
| Other finance income | 9 463 | 9 128 |
| settlement and measurement of derivative financial instruments | 9 235 | 2 037 |
| gain on redemption of bonds | 188 | 7 089 |
| forward contracts – Management Board | - | 2 |
| other finance income | 40 | - |
| Total finance income | 19 286 | 16 791 |

Finance costs

| | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 |
|--|----------------------------|----------------------------|
| Interest expense | 224 | 243 |
| on lease contracts | 200 | 135 |
| on bonds | 16 | 101 |
| on liabilities to the State Treasury | 5 | 7 |
| on trade payables | 3 | - |
| Other finance costs | 10 237 | 9 976 |
| net foreign exchange losses | 10 137 | 3 488 |
| commission and fees on purchase of bonds | 75 | 91 |
| settlement and measurement of derivative financial instruments | - | 6 397 |
| other finance costs | 25 | - |
| Total finance costs | 10 461 | 10 219 |
| Net finance income/expense | 8 825 | 6 572 |

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 January to 31 March 2023 is included in Note 17).

As at 31 March 2023, 31 December 2022 and 31 March 2022, future payments in respect of irrevocable short-term leases and leases of low-value assets were as follows:

| | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|-------------------|------------|------------|------------|
| Up to 1 year | 396 | 467 | 338 |
| From 1 to 5 years | 217 | 334 | 131 |
| Total | 613 | 801 | 469 |

Note 21. Issuance, redemption and repayment of debt and equity securities

Issuance of debt securities

Not applicable.

Issuance of equity securities

| Specification | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|-------------------------------|----------------|----------------|----------------|
| Number of shares in thousands | 100 771 | 100 771 | 100 739 |
| Par value of shares in PLN | 1 | 1 | 1 |
| Share capital | 100 771 | 100 771 | 100 739 |

Note 22. Dividend paid (or declared) and received

During the period from 1 January to 31 March 2023, Group companies did not pay or receive dividends.

On 8 May 2023, the Management Board of the Parent Company recommended to the General Meeting that a dividend of PLN 99 910 510 be paid, i.e. an amount of PLN 1 for each participating share of the Parent Company.

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. Controlled transactions entered into by related parties belonging to the CD PROJEKT Group are verified to determine whether the agreed terms of the transactions are similar to the market terms, based on the recommendations and methods provided for in the OECD Guidelines as well as in national legislation.

Transactions with related entities after consolidation eliminations

| | Sales to related entities | | Purchases from related entities | |
|--|---------------------------|-------------------------|---------------------------------|-------------------------|
| | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 |
| SUBSIDIARIES | | | | |
| Spokko sp. z o.o. | 205 | 343 | 490 | - |
| CD PROJEKT RED Vancouver Studio Ltd. | 22 | 22 | 4 535 | 3 226 |
| The Molasses Flood LLC | 1 | - | 13 134 | 3 962 |
| MEMBERS OF THE MANAGEMENT BOARDS OF GROUP COMPANIES AND SUPERVISORY BOARD MEMBERS | | | | |
| Marcin Iwiński | - | 1 | - | - |
| Piotr Nielubowicz | - | 1 | - | - |
| Michał Nowakowski | - | 3 | - | - |
| Adam Badowski | - | 6 | - | - |
| Piotr Karwowski | 2 | 2 | - | - |
| Paweł Zawodny | 6 | 1 | - | - |
| Jeremiah Cohn | - | 1 | - | - |
| Urszula Jach - Jaki | 1 | - | - | - |

| | Receivables from related entities | | | Liabilities to related entities | | |
|--|-----------------------------------|------------|------------|---------------------------------|------------|------------|
| | 31.03.2023 | 31.12.2022 | 31.03.2022 | 31.03.2023 | 31.12.2022 | 31.03.2022 |
| SUBSIDIARIES | | | | | | |
| Spokko sp. z o.o. | 175 | 156 | 10 713 | 540 | - | - |
| CD PROJEKT RED Vancouver Studio Ltd. | 6 | 1 694 | 1 076 | 1 589 | 2 746 | 874 |
| The Molasses Flood LLC | 2 596 | 742 | - | 4 501 | 2 579 | 1 792 |
| MEMBERS OF THE MANAGEMENT BOARDS OF GROUP COMPANIES AND SUPERVISORY BOARD MEMBERS | | | | | | |
| Marcin Iwiński | - | - | - | 12 | 7 | - |
| Adam Kiciński | - | - | - | 1 | 13 | - |
| Piotr Nielubowicz | - | 2 | - | - | 13 | - |
| Michał Nowakowski | - | - | 2 | 1 | 4 | - |
| Adam Badowski | 2 | - | 6 | - | 6 | - |
| Piotr Karwowski | - | - | - | - | 2 | - |
| Urszula Jach - Jaki | - | - | - | - | - | 15 |
| Paweł Zawodny | 6 | - | - | 4 | - | 7 |
| Maciej Gołębiewski | - | - | - | 9 | - | - |



Note 24. Unpaid loans or defaults on loan agreements in the 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 granted guarantees, sureties and collateral

| | Specification | Currency | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|---|---|----------|------------|------------|------------|
| mBank S.A. | | | | | |
| Voluntary submission to execution | Agreement for payment cards | PLN | - | - | 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 | 427 | 427 | 427 |
| Mazowiecka Jednostka Wdrażania Programów Unijnych | | | | | |
| Contractual commitment | Commitment to incur operating and renovation expenditures on leased space | PLN | 36 | 20 | 40 |
| Narodowe Centrum Badań i Rozwoju | | | | | |
| 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 | 1 358 | 5 324 |
| Bill of exchange agreement | Subsidy agreement POIR.01.02.00-00-0120/16 | PLN | 1 204 | 1 204 | 1 204 |
| Pekao Leasing Sp. z o.o. | | | | | |
| Bill of exchange agreement | Lease contract 37/1991/21 | PLN | 277 | 314 | 418 |
| 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 |

Bank Polska Kasa Opieki Spółka Akcyjna

| | | | | | |
|----------------------------|--|-----|--------|--------|--------|
| Bill of exchange agreement | Framework agreement on financial market transactions | PLN | 50 000 | 50 000 | 35 000 |
|----------------------------|--|-----|--------|--------|--------|

BNP Paribas Bank Polska S.A.

| | | | | | |
|----------------------------|--|-----|--------|--------|--------|
| Bill of exchange agreement | Framework agreement on financial market transactions | PLN | 26 600 | 26 600 | 26 600 |
|----------------------------|--|-----|--------|--------|--------|

Note 26. Changes in the structure of the Group and Group companies during the reporting period

▪ Acquisition of the remaining shares in the subsidiary Spokko sp. z o.o.

On 31 January 2023, as a result of the Parent Company concluding agreements for the sale of shares with the other shareholders of the subsidiary Spokko sp. z o.o., the Parent Company acquired from those shareholders a total of 135 shares in Spokko sp. z o.o. with a nominal value of PLN 50.00 each, as a result of which the Parent Company became the owner of 100% (i.e. 1089) of shares in that subsidiary.

▪ Registration of the merger between the Parent Company and its subsidiary - CD PROJEKT RED STORE sp. z o.o.

On 28 February 2023, the District Court for the Capital City of Warsaw in Warsaw entered in the Register of Businesses the merger through acquisition of the Parent Company, as the surviving company, with its subsidiary CD PROJEKT RED STORE sp. z o.o. with its registered office in Warsaw, as the target company. The merger was carried out in accordance with the merger plan announced on 17 November 2022, i.e. by transferring all the assets of CD PROJEKT RED STORE sp. z o.o. to the Parent Company, without increasing the share capital of the Parent Company and without exchanging shares of the target company for shares of the Parent Company due to the fact that the Parent Company holds 100% of the shares in the target company.

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

Incentive scheme for the years 2020-2025

Based on the resolutions of the Parent Company's General Meeting of 28 July 2020 and 22 September 2020, another edition of the incentive scheme was introduced for 2020–2025. In accordance with the adopted assumptions, a maximum of 4 000 000 entitlements, understood as a conditional right to take up subscription warrants, entitling to take up shares in the Parent Company issued separately as part of a conditional share capital increase, or alternatively to purchase, on preferential terms, the Parent Company's treasury shares were to be granted as part of the implementation of the scheme. Taking up and exercising of rights from the subscription warrants or, as the case may be, purchasing the Parent Company's shares by the eligible persons was to be conditional upon the Parent Company's determination that the objectives and criteria of the scheme have been met. The scheme included 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 scheme objectives and criteria have been met.

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 that period.

On 20 December 2022, the General Meeting of the Parent Company passed resolution no. 5 concerning the discontinuation of the incentive scheme for the financial years 2020-2025, but as its entry into force was subject to the General Meeting adopting certain resolutions on introducing a new incentive scheme, which did not happen, resolution no. 5 did not enter into force as of the date of that General Meeting. The final entry into force of the resolution on the subject of discontinuing the Incentive Scheme 2020-2025 took place on 18 April 2023.

As a result, the General Meeting decided to discontinue the operation of the incentive scheme for the financial years 2020-2025 as of the entry into force of the resolution in question, resulting in its expiry in its entirety.

No new entitlements were granted under the 2020-2025 Incentive Scheme during the reporting period. As at 18 April 2023, 2 113 000 entitlements remained in the incentive scheme for 2020-2050. In accordance with the Incentive Scheme Regulations for the years 2020-2025, in the event of the expiry of the incentive scheme, the entitlements granted under the scheme to the eligible persons will also expire.

Incentive scheme for the years 2023– 2027

On 20 December 2022, the Extraordinary General Meeting of the Parent Company passed a resolution on introducing an Incentive Scheme for 2023-2027. However, due to the failure to obtain the required majority for the resolution on the issue of subscription warrants and the conditional increase in the share capital necessary for the implementation of this scheme, the Parent Company did not have the actual possibility to implement it.

In view of the above, the Management Board of the Parent Company proposed a new structure of the Incentive Scheme for the financial years 2023-2027, replacing the Incentive Scheme for the years 2020-2025, which was approved by the General Meeting. Thus, two new incentive schemes for the financial years 2023-2027 were introduced on that date by resolutions of the Parent Company's General Meeting of 18 April 2023: Incentive Scheme A and Incentive Scheme B.

Incentive Scheme A

Incentive Scheme A is addressed to persons who are not members of the Parent Company's Management Board. The assumptions are that the entitlements in this scheme will be granted in each of the financial years 2023-2027 (i.e. in five phases). A maximum of 1 500 000 entitlements may be granted under the entirety of the Incentive Scheme A. The entitlements will be realized alternatively through: (i) offering participants to subscribe for warrants entitling them to subscribe for an identical number of shares in the Parent Company issued as part of the conditional share capital increase, or (ii) offering participants to purchase from the Parent Company treasury shares acquired by the Parent Company as part of a buy-back carried out for this purpose. Taking up and exercising the 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 scheme have been met. The price of subscription for or purchase of the Company's shares as part of exercising the entitlements from Scheme A will correspond to the nominal value of the Company's shares. The vesting period is 3 years.

Incentive Scheme B

Incentive Scheme B is addressed to both persons who are members of the Parent Company's Management Board and persons who are not members of the Management Board. The assumptions are that the entitlements in this scheme will be granted in each of the financial years 2023-2027 (i.e. in five phases). A maximum of 3 500 000 entitlements may be granted under the entirety of Incentive Scheme B. The entitlements will be realized alternatively through: (i) offering participants to subscribe for warrants entitling them to subscribe for an identical number of shares in the Parent Company issued as part of the conditional share capital increase, or (ii) offering participants to purchase from the Parent Company treasury shares acquired by the Parent Company as part of a buy-back carried out for this purpose. Taking up and exercising the 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 determining that it has fulfilled the performance condition (for 70% of the entitlements), the market condition (for 30% of the entitlements), in selected cases the individual conditions and, in each case, the fulfilment of the loyalty condition. The base price of subscription for or purchase of the Company's shares as part of exercising the entitlements under Scheme B will correspond to the price of the Company's shares at the close of the last trading session preceding the date of the relevant resolution on the participant's inclusion in the scheme. The scheme provides for the possibility to reduce the price of subscription for or purchase of the shares with a simultaneous proportional reduction in the number of rights to be exercised by the participant. The base vesting period corresponds to four consecutive financial years starting from the year in which the relevant phase commenced (with the possibility of shortening to three financial years for performance-related entitlements in the event of a possible faster achievement of the four-year performance target over a three-year period).

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 calendar 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 2022, item 2474), 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 more broadly the research and development relief provided for in the Act of 15 February 1992 on corporate income tax (consolidated text, Journal of Laws of 2022, item 2587, as amended).

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 Parent Company 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

| | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 |
|--|----------------------------|----------------------------|
| Cash and cash equivalents reported in the statement of cash flows | 154 738 | 748 585 |
| Cash and cash equivalents in the balance sheet | 154 738 | 748 585 |
| Depreciation and amortization | 3 424 | 3 894 |
| Amortization of intangible assets | 665 | 590 |
| Amortization of expenditure on development projects | 118 | 299 |
| Depreciation of property, plant and equipment | 2 634 | 2 995 |
| Depreciation of investment properties | 7 | 10 |
| Foreign exchange (gains)/losses arise on the following items: | 5 965 | (1 359) |
| Foreign exchange (gains)/losses on measurement of bonds | 5 825 | (1 359) |
| Foreign exchange (gains)/losses on measurement of private equity interests in the gaming sector | 87 | - |
| Foreign exchange (gains)/losses on measurement of loans granted as at the balance sheet date | 53 | - |
| Interest and shares in profits comprise: | (9 607) | (7 427) |
| Interest on bank deposits | (5 831) | (2 364) |
| Interest on bonds | (3 940) | (5 097) |
| Interest accrued on loans granted | (36) | (101) |
| Interest on lease contracts | 200 | 135 |
| (Gains)/losses on investing activities arise from the following items: | (27 768) | (434) |
| Proceeds from sale of property, plant and equipment | (2) | (7) |
| Net carrying amount of property, plant and equipment | - | 4 |
| Net carrying amount of non-current assets scrapped | 42 | 170 |
| Net book amount of scrapped intangible assets and expenditure on development projects | 2 745 | - |
| Reversal of impairment write-downs of property, plant and equipment, intangible assets and expenditure on development projects | (21 531) | - |
| Settlement and measurement of derivative financial instruments | (8 905) | 6 397 |
| Disclosures of property, plant and equipment and intangible assets | (4) | - |
| Commission and fees on purchase of bonds | 75 | 91 |
| Proceeds from redemption of bonds | (11 495) | (61 449) |
| Value of bonds purchased | 11 307 | 54 360 |
| Change in provisions results from the following items: | (980) | (4 176) |
| Increase/(Decrease) in provisions for liabilities | (568) | 3 373 |
| Change in provision for costs of performance-related and other remuneration recognized under expenditure on development projects | (412) | (7 549) |
| (Increase)/Decrease in inventories results from the following items: | 2 336 | 916 |
| (Increase)/Decrease in inventories | 2 336 | 916 |
| (Increase)/Decrease in receivables results from the following items: | 87 854 | 43 740 |
| (Increase)/Decrease in current receivables in the balance sheet | 83 653 | 56 860 |
| (Increase)/Decrease in non-current receivables in the balance sheet | (1) | 308 |
| (Increase)/Decrease in prepayments for investment properties | - | (79) |
| Income tax settled against withholding tax | 8 039 | - |
| Withholding tax paid abroad | (6 071) | (15 673) |
| Adjusted for current income tax | 2 582 | 303 |
| Change in prepayments for development projects | (352) | 2 045 |
| Change in prepayments for property, plant and equipment and intangible assets | 4 | (24) |



| | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 |
|--|----------------------------|----------------------------|
| Increase/(Decrease) in current liabilities, excluding loans and borrowings, results from the following items: | (21 154) | 15 515 |
| (Increase)/Decrease in current receivables in the balance sheet | (29 875) | 31 650 |
| Adjusted for current income tax | 2 116 | (7 143) |
| Increase/(Decrease) in short-term financial liabilities | 807 | (7 525) |
| Increase/(Decrease) in liabilities resulting from purchase of property, plant and equipment | 5 231 | 10 |
| Increase/(Decrease) in liabilities resulting from purchase of intangible assets | 567 | (201) |
| Increase/(Decrease) in liabilities resulting from purchase of investment properties | - | (1 276) |
| Change in other assets and liabilities results from the following items: | (10 937) | (17 064) |
| Change in prepayments and accruals in the balance sheet | (3 037) | (8 053) |
| Increase/(Decrease) in deferred income in the balance sheet | (7 840) | (8 951) |
| Adjusted for prepayments and deferred costs with the double entry in liabilities | (60) | (60) |
| “Other adjustments” comprise: | 1 332 | 1 817 |
| Costs of the incentive scheme | 1 159 | 1 148 |
| Measurement of derivative financial instruments | (504) | (378) |
| Amortization and depreciation written off, reported under cost of sales, consortium settlements and other operating expenses | 160 | 806 |
| Amortization and depreciation reported under cost of sales and other operating expenses | 754 | 72 |
| Foreign exchange differences on translation | (93) | - |
| Other adjustments | (144) | 169 |

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

| | 01.01.2023 | Cash flows | Non-monetary changes | | | 31.03.2023 |
|-------------------|---------------|----------------|---------------------------------|------------------------------|------------------|---------------|
| | | | Takeover of leased fixed assets | Foreign exchange differences | Interest accrued | |
| Lease liabilities | 20 967 | (1 014) | - | 317 | 200 | 20 470 |
| Total | 20 967 | (1 014) | - | 317 | 200 | 20 470 |

| | 01.01.2022 | Cash flows | Non-monetary changes | | | 31.03.2022 |
|-------------------|---------------|--------------|---------------------------------|------------------------------|------------------|---------------|
| | | | Takeover of leased fixed assets | Foreign exchange differences | Interest accrued | |
| Lease liabilities | 16 655 | (984) | 3 962 | 2 | 135 | 19 770 |
| Total | 16 655 | (984) | 3 962 | 2 | 135 | 19 770 |

Note 31. Post-balance sheet date events

The Extraordinary General Meeting of the Parent Company was held on 18 April 2023. The key resolutions passed by the General Meeting on that date were resolutions on (i) the discontinuation of the Incentive Scheme for the financial years 2020-2025 and (ii) introducing new incentive schemes at the Parent Company for the years 2023-2027, as further described in Note 27 above, as well as resolutions on (iii) the cancellation of treasury shares acquired by the Parent Company as part of the buyback carried out in October 2022 and the related corresponding reduction in the Parent Company's share capital. By means of these resolutions, the General Meeting resolved to cancel 860 290 treasury shares (i.e. all treasury shares held by the Parent Company) and to reduce the share capital of the Parent Company to PLN 99 910 510. The redemption will take place as soon as the reduction of the share capital of the Parent Company is registered by the registry court. The full content of the resolutions adopted by the Extraordinary General Meeting was announced by the Management Board in [current report No. 12/2023](#).

On 20 April 2023, in [current report no. 14/2023](#), the Management Board of the Parent Company informed that a merger plan between the Company, as the surviving company, and its wholly-owned subsidiary SPOKKO 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. This was done because due to the decision to phase out The Witcher: Monster Slayer project implemented by the SPOKKO team, according to which on 30 June 2023 the game will cease to be available to existing players, and the related planned involvement of a part of the SPOKKO team and resources in other projects implemented by CD PROJEKT RED, the Parent Company and SPOKKO sp. z o.o. decided to simplify the structure of the CD PROJEKT Group. These decisions are in line with the CD PROJEKT Group's business strategy update, which envisages the Group focusing on its core business and implementing mobile projects in cooperation with external partners.

On 8 May 2023, in [current report No. 16/2023](#), the Parent Company's Management Board announced that it had adopted a resolution on accepting and referring to the General Meeting a proposition concerning the distribution of the Parent Company's net profit for 2022. The Management Board has proposed to allocate PLN 99 910 510 for the payment of dividend which means the dividend of PLN 1 per each participating share. The Management Board has proposed transferring the remaining part of the Company's undistributed net profit of PLN 241 162 310.59 to supplementary capital. The number of 99 910 510 shares described as shares participating in the dividend, is the number of shares of the Parent Company less the treasury shares (860 290 shares) of the Parent Company held by the Parent Company as a result of the buyback carried out between 5 and 24 October 2022. At the same time, the Parent Company's Management Board requested the appointment of: (i) the dividend date as 13 June 2023, and (ii) the dividend payment date as 20 June 2023. On 9 May 2023, the Supervisory Board of the Parent Company gave a positive opinion on the Management Board's proposal for profit distribution. The final decision on profit distribution and dividend payment will be taken by the Annual General Meeting.

On 10 May 2023, in [current report No. 18/2023](#), the Parent Company's Management Board announced that it had decided not to continue to buy back the Parent Company's treasury shares on the basis of Resolution No. 4 of the Company's General Meeting of 29 November 2016 on authorizing the buyback of the Company's treasury shares for cancellation, repealing and replacing Resolution No. 22 of the Company's Annual General Meeting of 24 May 2016 on the same issue. Thus, the possibility of continuing the buyback programme implemented on the basis of that resolution ceased. The decision was related to the Parent Company's Management Board applying to the General Meeting for a new authorization to buy back the Parent Company's treasury shares for cancellation.

On 10 May 2023, the Parent Company's Management Board announced convening the Annual Shareholders' Meeting of the Parent Company for 20 December 2022. The agenda of the General Meeting will primarily include the resolutions, which are standard for annual company meetings, on the approval of the reports of the Parent Company's bodies, the discharge of the members of its bodies, and the distribution of its net profit for the financial year 2022. In view of the merger of the Parent Company with CD PROJEKT RED STORE sp. z o.o., the General Meeting of the Parent Company will also vote on similar resolutions with regard to the affairs of the acquired company. In addition, the agenda will include resolutions on the merger of the Parent Company with SPOKKO sp. z o.o., a new authorization for the Parent Company's Management Board to buy back treasury shares for cancellation, as well as resolutions on amendments to the Parent Company's Articles of Association concerning, among other things, the introduction of the possibility of paying out interim dividends. The full agenda, including additional information in this respect, is presented in [current report no. 19/2023](#). The full text of the draft resolutions is also available in [current report 20/2023](#).

On 11 May 2023, in [current report No. 21/2023](#), the Parent Company's Management Board announced the completion of work on defining a new framework for Project Sirius, being developed by The Molasses Flood studio. As a result of defining the new framework for this project, it was decided that the Parent Company's books: (a) the write-down of the project-related development expenditure incurred in 2022, which originally amounted to PLN 33.4 million and charged to the financial result of the Parent Company and the CD PROJEKT Capital Group for 2022, will be reversed partially, in the amount of PLN 21.5 million, and (b) a part of the project-related development expenditure incurred in Q1 2023 will be written off in the amount of PLN 2.7 million. These changes have been included in this report and affect the Parent Company's results for Q1 2023. They are the result of the decision to continue the Sirius Project within a newly defined framework and thus use a significant part of the work completed to date in the further development of the game being developed by The Molasses Flood.



CD PROJEKT

Additional information

5

Litigation

During the period presented, no new significant court, arbitration or administrative proceedings were initiated to which the Parent Company or its subsidiaries would be a party.

There have been no significant changes to the existing disputes disclosed in the [CD PROJEKT Group Management Report 2022](#).

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 1.00 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* | 10 433 719 | 10.35% |
| Piotr Nielubowicz | 6 858 717 | 6.81% |

* According to a recent statement made to the Company – [current report no. 33/2021](#) dated 26 May 2021.

Changes in the shareholding structure of the Parent Company

In the period presented, the Parent Company received official notifications concerning qualifying changes in the number of votes or the Company's shares held solely with respect to the percentage share of votes held by The Goldman Sachs Group, Inc. According to the most recent notification in this respect received by the Parent Company, the percentage share of the voting rights held by The Goldman Sachs Group Inc. went down below 5%.

After the balance sheet date, on 18 April 2023, the General Meeting of the Parent Company adopted a resolution on the cancellation of the treasury shares acquired by the Parent Company as part of the buyback carried out in October 2022 and the related corresponding reduction in the share capital of the Parent Company. By means of these resolutions, the General Meeting resolved to cancel 860 290 treasury shares (i.e. all treasury shares held by the parent company) and to reduce the share capital of the parent company accordingly, i.e. to PLN 99 910 510. The redemption will take place as soon as the reduction in the share capital of the Parent Company is registered by the registry court, which has not yet taken place at the date of publication of this report. The full content of the resolutions adopted in this regard was announced by the Management Board in [current report No. 12/2023](#).

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 01.01.2023 | As at 31.03.2023 | As at 29.05.2023 |
|--------------------|--|------------------|------------------|------------------|
| Adam Kiciński | President of the Management Board | 4 046 001 | 4 046 001 | 4 046 001 |
| 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 | 530 290 | 530 290 | 530 290 |
| Piotr Karwowski | Member of the Management Board | 108 728 | 108 728 | 108 728 |
| Paweł Zawodny | Member of the Management Board | 18 508 | 18 508 | 18 508 |
| Marcin Iwiński | Chairman of the Supervisory Board | 12 873 520 | 12 873 520 | 12 873 520 |
| Katarzyna Szwarc | Vice-Chair of the Supervisory Board | 10 | 10 | 10 |
| Maciej Nielubowicz | Member of the Supervisory Board | 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.

6



Interim condensed separate income statement

| | Note | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022* |
|--|------|----------------------------|-----------------------------|
| Sales revenue | | 134 391 | 177 820 |
| Sales of products | | 129 787 | 172 413 |
| Sales of services | | 421 | 669 |
| Sales of goods for resale and materials | | 4 183 | 4 738 |
| Cost of sales of products, services, goods for resale and materials | | 25 323 | 21 118 |
| Costs of products and services sold | | 21 626 | 18 280 |
| Cost of goods for resale and materials sold | | 3 697 | 2 838 |
| Gross profit/(loss) on sales | | 109 068 | 156 702 |
| Selling expenses | | 30 305 | 44 239 |
| Administrative expenses | | 25 791 | 23 374 |
| Other operating income | | 24 689 | 2 825 |
| Other operating expenses | | 5 919 | 5 711 |
| (Impairment)/reversal of impairment of financial instruments | | 2 | (2) |
| Operating profit/(loss) | | 71 744 | 86 201 |
| Finance income | | 21 775 | 14 602 |
| Finance costs | | 9 576 | 8 190 |
| Profit/(loss) before tax | | 83 943 | 92 613 |
| Income tax | A | 10 551 | 23 098 |
| Net profit/(loss) | | 73 392 | 69 515 |
| Net earnings/(loss) per share (in PLN) | | | |
| Basic for the reporting period | | 0.73 | 0.69 |
| Diluted for the reporting period | | 0.73 | 0.69 |

* restated data



Interim condensed separate statement of comprehensive income

| | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 |
|---|----------------------------|----------------------------|
| Net profit/(loss) | 73 392 | 69 515 |
| Other comprehensive income subject to reclassification to gains or losses after specific conditions have been met: | 2 320 | (4 930) |
| Measurement of derivative financial instruments – fair value through other comprehensive income, taking into account the tax effect | 2 320 | (4 930) |
| Other comprehensive income not subject to reclassification to gains or losses | - | - |
| Total comprehensive income | 75 712 | 64 585 |

Interim condensed separate statement of financial position

| | Note | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|--------------------------------------|------|------------------|------------------|------------------|
| NON-CURRENT ASSETS | | 1 186 041 | 1 094 596 | 920 571 |
| Property, plant and equipment | | 153 511 | 143 439 | 109 055 |
| Intangible assets | | 70 170 | 70 324 | 68 952 |
| Expenditure on development projects | | 542 291 | 471 537 | 365 011 |
| Investment properties | | 42 188 | 42 560 | 56 630 |
| Goodwill | C | 49 168 | 49 168 | 49 168 |
| Investments in subordinated entities | G | 54 076 | 53 566 | 43 531 |
| Prepayments and deferred costs | | 5 158 | 5 314 | 5 346 |
| Other financial assets | G | 216 098 | 207 437 | 176 456 |
| Deferred tax assets | A | 52 997 | 50 868 | 46 044 |
| Other receivables | F,G | 384 | 383 | 378 |
| CURRENT ASSETS | | 1 038 662 | 1 089 378 | 1 235 567 |
| Inventories | | 10 365 | 9 886 | 11 263 |
| Trade receivables | F,G | 73 324 | 164 708 | 69 546 |
| Current income tax receivable | | 10 470 | - | - |
| Other receivables | F | 52 085 | 54 677 | 110 021 |
| Prepayments and deferred costs | | 8 269 | 6 189 | 5 256 |
| Other financial assets | G | 277 203 | 279 515 | 262 507 |
| Bank deposits over 3 months | G | 488 883 | 337 330 | 85 390 |
| Cash and cash equivalents | G | 118 063 | 237 073 | 691 584 |
| TOTAL ASSETS | | 2 224 703 | 2 183 974 | 2 156 138 |



| | Note | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|---|------|------------------|------------------|------------------|
| EQUITY | | 2 076 936 | 2 001 765 | 1 934 781 |
| Share capital | 21* | 100 771 | 100 771 | 100 739 |
| Supplementary capital | | 1 539 437 | 1 539 437 | 1 366 952 |
| Share premium | | 116 700 | 116 700 | 115 909 |
| Treasury shares | | (99 993) | (99 993) | - |
| Other reserves | | 7 257 | 3 777 | 45 732 |
| Retained earnings / (Accumulated losses) | | 339 372 | - | 235 934 |
| Net profit (loss) for the period | | 73 392 | 341 073 | 69 515 |
| NON-CURRENT LIABILITIES | | 32 173 | 36 106 | 31 526 |
| Other financial liabilities | G | 18 525 | 18 883 | 17 039 |
| Other liabilities | | 2 560 | 2 620 | 2 800 |
| Deferred income | | 3 211 | 3 666 | 5 951 |
| Provision for retirement and similar benefits | | 339 | 339 | 368 |
| Other provisions | B | 7 538 | 10 598 | 5 368 |
| CURRENT LIABILITIES | | 115 594 | 146 103 | 189 831 |
| Other financial liabilities | G | 1 916 | 1 788 | 26 073 |
| Trade payables | G | 14 287 | 39 587 | 33 302 |
| Current income tax liabilities | | - | 2 116 | 31 589 |
| Other liabilities | | 5 031 | 4 350 | 4 837 |
| Deferred income | | 8 806 | 15 032 | 13 572 |
| Provision for retirement and similar benefits | | 9 | 9 | 5 |
| Other provisions | B | 85 545 | 83 221 | 80 453 |
| TOTAL LIABILITIES AND EQUITY | | 2 224 703 | 2 183 974 | 2 156 138 |

* 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 | Treasury shares | Other reserves | Retained earnings / (Accumulated losses) | Net profit (loss) for the period | Total equity |
|---|----------------|-----------------------|----------------|-----------------|----------------|--|----------------------------------|------------------|
| 01.01.2023 – 31.03.2023 | | | | | | | | |
| Equity as at 01.01.2023 | 100 771 | 1 539 437 | 116 700 | (99 993) | 3 777 | 341 073 | - | 2 001 765 |
| Costs of the incentive scheme | - | - | - | - | 1 160 | - | - | 1 160 |
| Undistributed profit of the acquired entity | - | - | - | - | - | (1 701) | - | (1 701) |
| Total comprehensive income | - | - | - | - | 2 320 | - | 73 392 | 75 712 |
| Equity as at 31.03.2023 | 100 771 | 1 539 437 | 116 700 | (99 993) | 7 257 | 339 372 | 73 392 | 2 076 936 |

| | Share capital | Supplementary capital | Share premium | Treasury shares | Other reserves | Retained earnings / (Accumulated losses) | Net profit (loss) for the period | Total equity |
|--|----------------|-----------------------|----------------|-----------------|----------------|--|----------------------------------|------------------|
| 01.01.2022 – 31.12.2022 | | | | | | | | |
| Equity as at 01.01.2022 | 100 739 | 1 366 952 | 115 909 | - | 49 515 | 235 934 | - | 1 869 049 |
| Costs of the incentive scheme | - | - | - | - | 4 275 | - | - | 4 275 |
| Share-based payments | 32 | 1 549 | 791 | - | (1 548) | - | - | 824 |
| Purchase of treasury shares for redemption | - | - | - | (99 993) | - | - | - | (99 993) |
| Release of reserve capital from previous years created for the purpose of purchasing treasury shares | - | 35 741 | - | - | (35 741) | - | - | - |
| Payment of dividend | - | - | - | - | - | (100 739) | - | (100 739) |
| Appropriation of the net profit/offset of loss | - | 135 195 | - | - | - | (135 195) | - | - |
| Total comprehensive income | - | - | - | - | (12 724) | - | 341 073 | 328 349 |
| Equity as at 31.12.2022 | 100 771 | 1 539 437 | 116 700 | (99 993) | 3 777 | - | 341 073 | 2 001 765 |

| | Share capital | Supplementary capital | Share premium | Treasury shares | Other reserves | Retained earnings / (Accumulated losses) | Net profit (loss) for the period | Total equity |
|--------------------------------|----------------|-----------------------|----------------|-----------------|----------------|--|----------------------------------|------------------|
| 01.01.2022 – 31.03.2022 | | | | | | | | |
| Equity as at 01.01.2022 | 100 739 | 1 366 952 | 115 909 | - | 49 515 | 235 934 | - | 1 869 049 |
| Costs of the incentive scheme | - | - | - | - | 1 147 | - | - | 1 147 |
| Total comprehensive income | - | - | - | - | (4 930) | - | 69 515 | 64 585 |
| Equity as at 31.03.2022 | 100 739 | 1 366 952 | 115 909 | - | 45 732 | 235 934 | 69 515 | 1 934 781 |

Interim condensed separate statement of cash flows

**01.01.2023 –
31.03.2023**
**01.01.2022 –
31.03.2022**

OPERATING ACTIVITIES

| | | |
|--|----------------|----------------|
| Net profit /(loss) | 73 392 | 69 515 |
| Total adjustments: | 51 522 | 61 277 |
| Depreciation and amortization of property, plant and equipment, intangible assets, expenditure on development projects and investment properties | 2 910 | 2 987 |
| Amortization of development projects recognized as cost of goods sold | 21 608 | 17 941 |
| Foreign exchange (gains)/losses | 5 964 | (1 362) |
| Interest and participation in profits | (9 527) | (7 288) |
| (Gains)/Losses on investing activities | (30 689) | (430) |
| Increase/(Decrease) in provisions | (1 148) | (3 257) |
| (Increase)/Decrease in inventories | (479) | 2 276 |
| (Increase)/Decrease in receivables | 87 555 | 43 683 |
| Increase/(Decrease) in liabilities, excluding loans and borrowings | (18 612) | 16 586 |
| Change in other assets and liabilities | (8 664) | (11 829) |
| Other adjustments | 2 604 | 1 970 |
| Cash from operating activities | 124 914 | 130 792 |
| Income tax expense | 4 480 | 7 426 |
| Withholding tax paid abroad | 6 071 | 15 672 |
| Income tax (paid)/refunded | (19 195) | (2 908) |
| Net cash from operating activities | 116 270 | 150 982 |

INVESTING ACTIVITIES

| | | |
|--|------------------|----------------|
| Inflows | 122 392 | 325 775 |
| Repayment of loans granted | - | 94 |
| Expiry of bank deposits over 3 months | 100 900 | 265 000 |
| Redemption of bonds | 14 474 | 58 132 |
| Interest on bonds | 1 259 | 291 |
| Interest received on deposits | 5 751 | 2 206 |
| Other cash inflows from investing activities | 8 | 52 |
| Outflows | 356 923 | 130 226 |
| Acquisition of intangible assets and property, plant and equipment | 21 200 | 14 859 |
| Expenditure on development projects | 69 946 | 27 697 |
| Expenditure on intangible assets | 48 | - |
| Acquisition of investment properties and capitalization of expenditure | 98 | 89 |
| Loans granted | 1 881 | 2 100 |
| Purchase of shares in a subsidiary | 440 | - |
| Purchase of bonds and cost of their purchase | 7 966 | 91 |
| Placement of bank deposits over 3 months | 252 453 | 85 390 |
| Outflows from execution of forward contracts | 2 891 | - |
| Net cash from investing activities | (234 531) | 195 549 |

| | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 |
|--|----------------------------|----------------------------|
| FINANCING ACTIVITIES | | |
| Inflows | 21 | 10 |
| Payment of finance lease liabilities | 21 | 10 |
| Outflows | 770 | 752 |
| Payment of lease liabilities | 570 | 629 |
| Interest paid | 200 | 123 |
| Net cash used in financing activities | (749) | (742) |
| Net increase/(decrease) in cash and cash equivalents | (119 010) | 345 789 |
| Change in cash and cash equivalents in the balance sheet | (119 010) | 345 789 |
| Cash and cash equivalents as at the beginning of the period | 237 073 | 345 795 |
| Cash and cash equivalents at the end of the period | 118 063 | 691 584 |

Explanations to the condensed separate statement of cash flows

| | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 |
|--|----------------------------|----------------------------|
| “Other adjustments” comprise: | 2 604 | 1 970 |
| Costs of the incentive scheme | 1 090 | 1 064 |
| Amortization and depreciation written off, reported under cost of sales, consortium settlements and other operating expenses | 125 | 906 |
| Amortization and depreciation reported under cost of sales and other operating expenses | 778 | - |
| Settlement of the acquiree's shares | 2 900 | - |
| Retained earnings of the acquiree | (1 701) | - |
| Net property, plant and equipment and intangible assets of the acquired entity | (545) | - |
| Other adjustments | (43) | - |

Assumption of comparability of the financial statements and changes in 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 2022, 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 2022.

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 January to 31 March 2023.



Presentation changes

In these interim condensed separate financial statements for the period from 1 January to 31 March 2023, changes were introduced in the presentation of selected financial data. In order to ensure comparability of the financial data in the reporting period presentation changes were made to the data as at 31 March 2022 r. The data is presented after the following adjustment:

- In the income statement for the period from 1 January 2022 to 31 March 2022, the Company changed the presentation of the provisions for variable portion of the Management Board's performance-related remuneration. As a result of this adjustment, the following balances have changed:
 - Selling expenses – a decrease of PLN 6 496 thousand
 - Administrative expenses – an increase of PLN 6 496 thousand.

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

A. Deferred tax

Deductible temporary differences underlying the deferred tax asset

| | 31.12.2022* | Differences affecting the deferred tax recognized in the profit or loss | 31.03.2023 |
|---|----------------|--|----------------|
| Provision for other employee benefits | 348 | - | 348 |
| Provision for costs of performance-related and other remuneration | 48 719 | 8 270 | 56 989 |
| Foreign exchange losses | 7 118 | 2 136 | 9 254 |
| Difference between the carrying and tax amount of expenditure on development projects | 34 848 | (17 857) | 16 991 |
| Salaries and wages and social security payable in future periods | 47 | 1 | 48 |
| Other provisions | 33 282 | (7 186) | 26 096 |
| Tax value of leased non-current assets | 20 671 | (130) | 20 541 |
| Research and development relief | 317 927 | - | 317 927 |
| Prepayments recognized as revenue for tax purposes | 7 523 | (1 809) | 5 714 |
| Total deductible differences, including: | 470 483 | (16 575) | 453 908 |
| taxed at 5% | 71 651 | 23 074 | 94 725 |
| taxed at 19% | 398 832 | (39 649) | 359 183 |
| Deferred income tax asset | 79 361 | (6 379) | 72 982 |

* restated data

Taxable temporary differences underlying the deferred tax provision

| | 31.12.2022* | Differences affecting the deferred tax recognized in the profit or loss | 31.03.2023 |
|--|----------------|--|----------------|
| Difference between the net carrying amount and tax amount of property, plant and equipment and intangible assets | 16 358 | 1 020 | 17 378 |
| Current period revenue invoiced in the subsequent period/accrued income | 132 887 | (69 080) | 63 807 |
| Foreign exchange gains | 8 417 | (6 096) | 2 321 |
| Difference between the carrying and tax amount of expenditure on development projects | 253 594 | (13 976) | 239 618 |
| Book value of leased non-current assets | 20 849 | (258) | 20 591 |
| Other | 7 | 29 | 36 |
| Total taxable differences, including: | 432 112 | (88 361) | 343 751 |
| taxed at 5% | 382 910 | (59 141) | 323 769 |
| taxed at 19% | 49 202 | (29 220) | 19 982 |
| Deferred tax provision | 28 493 | (8 508) | 19 985 |

* 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 Company relied on forecasts of which the tax base will give rise to the realization of the temporary differences recognized.

Net deferred tax asset/provision

| | 31.03.2023 | 31.12.2022* | 31.03.2022 |
|------------------------|------------|-------------|------------|
| Deferred tax asset | 72 982 | 79 361 | 70 678 |
| Deferred tax provision | 19 985 | 28 493 | 24 634 |

* restated data

Income tax expense recognized in the income statement

| | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 |
|--|----------------------------|----------------------------|
| Current income tax, including: | 12 680 | 25 724 |
| withholding tax paid abroad | 6 071 | 15 672 |
| Change in deferred tax | (2 129) | (2 626) |
| Income tax expense recognized in the income statement | 10 551 | 23 098 |

B. Other provisions

| | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|---|---------------|---------------|---------------|
| Provision for liabilities, including: | 93 083 | 93 819 | 85 821 |
| provision for costs of performance-related and other remuneration | 75 737 | 67 121 | 58 094 |
| provision for costs of the audit and review of the financial statements | 41 | 137 | 130 |
| provision for other costs | 17 305 | 26 561 | 27 597 |
| Total, including: | 93 083 | 93 819 | 85 821 |
| short-term | 85 545 | 83 221 | 80 453 |
| long-term | 7 538 | 10 598 | 5 368 |

Change in other provisions

| | Provision for costs of performance-related and other remuneration | Other provisions | Total |
|-------------------------------------|--|------------------|---------------|
| As at 01.01.2023 | 67 121 | 26 698 | 93 819 |
| Provisions recorded during the year | 8 616 | 17 609 | 26 225 |
| Provisions utilized/released | - | 26 961 | 26 961 |
| As at 31.03.2023, including: | 75 737 | 17 346 | 93 083 |
| short-term | 75 737 | 9 808 | 85 545 |
| long-term | - | 7 538 | 7 538 |

C. Goodwill

Goodwill recognized in business combinations and acquisitions

| | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|-----------------------------|---------------|---------------|---------------|
| CD Projekt Red sp. z o.o. | 39 147 | 39 147 | 39 147 |
| Strange New Things business | 10 021 | 10 021 | 10 021 |
| Total | 49 168 | 49 168 | 49 168 |

Changes in goodwill

During the period from 1 January to 31 March 2023 there were no changes in goodwill.

D. Business combinations

On 28 February 2023, the District Court for the Capital City of Warsaw in Warsaw entered in the Register of Businesses the merger through acquisition of the Parent Company, as the surviving company, with its subsidiary CD PROJEKT RED STORE sp. z o.o. with its registered office in Warsaw, as the target company. The merger was carried out in accordance with the merger plan announced on 17 November 2022, i.e. by transferring all the assets of CD PROJEKT RED STORE sp. z o.o. to the Parent Company, without increasing the share capital of the Parent Company and without exchanging shares of the target company for shares of the Parent Company due to the fact that the Parent Company holds 100% of the shares in the target company. The merger was intended to simplify the Group's structure in view of the plans to continue the existing activities of the target company in cooperation with a specialized external entity. The parent company informed about the entry of the merger [in current report No. 7/2023](#).

There were no other business combinations of the Group during the reporting period.

E. Dividend paid (or declared) and received

During the period from 1 January to 31 March 2023, the Company did not pay or receive dividends.

On 8 May 2023, the Company's Board of Directors recommended to the General Meeting payment of dividend of PLN 99 910 510, i.e. an amount of PLN 1 for each participating share of the Company.

F. Trade and other receivables

| | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|---|----------------|----------------|----------------|
| Trade and other receivables, gross | 126 610 | 220 586 | 180 758 |
| Write-downs | 816 | 818 | 813 |
| Trade and other receivables | 125 794 | 219 768 | 179 945 |
| from related entities | 2 258 | 5 535 | 4 953 |
| from other entities | 123 536 | 214 233 | 174 992 |

Change in write-downs of receivables

| | Trade receivables | Other receivables | Total |
|-------------------------------------|-------------------|-------------------|------------|
| OTHER ENTITIES | | | |
| Write-downs as at 01.01.2023 | 86 | 732 | 818 |
| Increase | - | - | - |
| Decreases, including: | 2 | - | 2 |
| release of write-downs (write-off) | 2 | - | 2 |
| Write-downs as at 31.03.2023 | 84 | 732 | 816 |

Current and overdue trade receivables as at 31.03.2023

| | Total | Not overdue | Overdue, in days | | | | |
|-------------------------------------|-------|-------------|------------------|---------|----------|-----------|------|
| | | | 1 – 60 | 61 – 90 | 91 – 180 | 181 – 360 | >360 |
| RELATED ENTITIES | | | | | | | |
| gross receivables | 2 256 | 2 251 | 5 | - | - | - | - |
| default ratio | | 0% | 0% | 0% | 0% | 0% | 0% |
| write-down resulting from the ratio | - | - | - | - | - | - | - |
| write-down determined individually | - | - | - | - | - | - | - |
| total expected credit losses | - | - | - | - | - | - | - |
| Net receivables | 2 256 | 2 251 | 5 | - | - | - | - |

| | Total | Not overdue | Overdue, in days | | | | |
|-------------------------------------|--------|-------------|------------------|---------|----------|-----------|------|
| | | | 1 – 60 | 61 – 90 | 91 – 180 | 181 – 360 | >360 |
| OTHER ENTITIES | | | | | | | |
| gross receivables | 71 152 | 71 054 | 13 | - | 1 | - | 84 |
| default ratio | | 0% | 0% | 0% | 0% | 0% | 0% |
| write-down resulting from the ratio | - | - | - | - | - | - | - |
| write-down determined individually | 84 | - | - | - | - | - | 84 |
| total expected credit losses | 84 | - | - | - | - | - | 84 |
| Net receivables | 71 068 | 71 054 | 13 | - | 1 | - | - |

| | | | | | | | |
|------------------------|---------------|---------------|-----------|----------|----------|----------|----------|
| Total | | | | | | | |
| gross receivables | 73 408 | 73 305 | 18 | - | 1 | - | 84 |
| impairment write-downs | 84 | - | - | - | - | - | 84 |
| Net receivables | 73 324 | 73 305 | 18 | - | 1 | - | - |

Other receivables

| | 31.03.2023 | 31.12.2022 | 31.03.2022* |
|---|---------------|---------------|----------------|
| Other gross receivables, including: | 53 201 | 55 792 | 111 131 |
| tax receivables, other than corporate income tax | 36 598 | 41 766 | 67 633 |
| reimbursement from the insurer for part of the costs of the US court settlement | 6 354 | - | - |
| prepayments for inventories | 5 727 | 6 826 | 9 545 |
| settlements with suppliers of property, plant and equipment items | 1 965 | 4 160 | - |
| prepayments for development projects | 1 081 | 1 433 | 32 480 |
| security deposits | 450 | 687 | 649 |
| prepayments for property, plant and equipment and intangible assets | 138 | 135 | 10 |
| settlements with employees | 12 | - | 28 |
| settlements with members of the Management Boards | 2 | 2 | 8 |
| settlements with payment operators | - | 7 | - |
| other | 874 | 776 | 778 |
| Write-downs | 732 | 732 | 732 |
| Other receivables, including: | 52 469 | 55 060 | 110 399 |
| short-term | 52 085 | 54 677 | 110 021 |
| long-term | 384 | 383 | 378 |

* restated data

G. Information on financial instruments

Fair values of specific classes of financial instruments

The Management Board 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 31 March 2023, 31 December 2022 and 31 March 2022.

| | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|---|----------------|----------------|----------------|
| LEVEL 1 | | | |
| Assets measured at fair value | | | |
| Assets measured at fair value through other comprehensive income | 232 092 | 243 091 | 177 736 |
| bonds issued by foreign governments - EUR | 16 440 | 25 111 | 24 731 |
| bonds issued by foreign governments - USD | 215 652 | 217 980 | 153 005 |
| LEVEL 2 | | | |
| Assets measured at fair value through profit or loss | | | |
| Derivatives | 19 605 | 7 809 | - |
| currency forwards - EUR | 1 111 | 1 249 | - |
| currency forwards - USD | 18 494 | 6 560 | - |
| Private equity interests in the gaming sector | 2 469 | 2 556 | - |
| private equity interests in the gaming sector - SEK | 1 038 | 1 085 | - |
| private equity interests in the gaming sector - USD | 1 431 | 1 471 | - |
| Liabilities measured at fair value through profit or loss | | | |
| Derivatives | - | - | 24 303 |
| currency forwards - EUR | - | - | 598 |
| currency forwards - USD | - | - | 23 705 |

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 on observable market data.

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

Financial assets – classification and measurement

| | 31.03.2023 | 31.12.2022 | 31.03.2022* |
|---|------------------|------------------|------------------|
| Financial assets measured at amortized cost | 919 789 | 972 990 | 1 108 125 |
| Other non-current receivables | 384 | 383 | 378 |
| Trade receivables | 73 324 | 164 708 | 69 546 |
| Cash and cash equivalents | 118 063 | 237 073 | 691 584 |
| Bank deposits over 3 months | 488 883 | 337 330 | 85 390 |
| Treasury bonds and bonds guaranteed by the State Treasury | 236 539 | 232 757 | 249 871 |
| Loans granted | 2 596 | 739 | 11 356 |
| Financial assets measured at cost | 54 076 | 53 566 | 43 531 |
| Investments in subordinated entities | 54 076 | 53 566 | 43 531 |
| Assets measured at fair value through other comprehensive income | 232 092 | 243 091 | 177 736 |
| Bonds issued by foreign governments | 232 092 | 243 091 | 177 736 |
| Financial assets measured at fair value through profit or loss | 22 074 | 10 365 | - |
| Derivative financial instruments | 19 605 | 7 809 | - |
| Private equity interests in the gaming sector | 2 469 | 2 556 | - |
| Total financial assets | 1 228 031 | 1 280 012 | 1 329 392 |

* restated data

Financial liabilities – classification and measurement

| | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|---|---------------|---------------|---------------|
| Financial liabilities measured at amortized cost | 34 728 | 60 258 | 52 111 |
| Trade payables | 14 287 | 39 587 | 33 302 |
| Other financial liabilities | 20 441 | 20 671 | 18 809 |
| Financial liabilities at fair value through profit or loss | - | - | 24 303 |
| Derivative financial instruments | - | - | 24 303 |
| Total financial liabilities | 34 728 | 60 258 | 76 414 |

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 | |
|--|---------------------------|-------------------------|---------------------------------|-------------------------|
| | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 | 01.01.2023 – 31.03.2023 | 01.01.2022 – 31.03.2022 |
| SUBSIDIARIES | | | | |
| GOG sp. z o.o. | 2 143 | 3 647 | 297 | 690 |
| CD PROJEKT Inc. | 169 | 63 | 3 552 | 3 072 |
| Spokko sp. z o.o. | 205 | 343 | 490 | - |
| CD PROJEKT RED STORE sp. z o.o. | - | 339 | - | 9 |
| CD PROJEKT RED Vancouver Studio Ltd. | 22 | 22 | 4 535 | 3 226 |
| The Molasses Flood LLC | 1 | - | 13 134 | 3 962 |
| THE COMPANY'S MANAGEMENT BOARD AND MEMBERS OF THE SUPERVISORY BOARD | | | | |
| Marcin Iwiński | - | 1 | - | - |
| Michał Nowakowski | - | 1 | - | - |
| Adam Badowski | - | 6 | - | - |
| Paweł Zawodny | 6 | 1 | - | - |
| Jeremiah Cohn | - | 1 | - | - |

| | Receivables from related entities | | | Liabilities to related entities | | |
|--|-----------------------------------|------------|------------|---------------------------------|------------|------------|
| | 31.03.2023 | 31.12.2022 | 31.03.2022 | 31.03.2023 | 31.12.2022 | 31.03.2022 |
| SUBSIDIARIES | | | | | | |
| GOG sp. z o.o. | 1 900 | 2 798 | 2 731 | 211 | 2 610 | 740 |
| CD PROJEKT Inc. | 169 | 43 | 486 | 1 196 | 1 185 | 984 |
| Spokko sp. z o.o. | 175 | 156 | 10 713 | 540 | - | - |
| CD PROJEKT RED STORE sp. z o.o. | - | 839 | 1 295 | - | 19 | 2 |
| CD PROJEKT RED Vancouver Studio Ltd. | 6 | 1 694 | 1 076 | 1 589 | 2 746 | 874 |
| The Molasses Flood LLC | 2 596 | 742 | - | 4 501 | 2 579 | 1 792 |
| THE COMPANY'S MANAGEMENT BOARD AND MEMBERS OF THE SUPERVISORY BOARD | | | | | | |
| Marcin Iwiński | - | - | - | 12 | 7 | - |
| Adam Kiciński | - | - | - | 1 | 13 | - |
| Piotr Nielubowicz | - | 2 | - | - | 13 | - |
| Michał Nowakowski | - | - | 2 | 1 | 4 | - |
| Adam Badowski | 2 | - | 6 | - | 6 | - |
| Piotr Karwowski | - | - | - | - | 2 | - |
| Paweł Zawodny | 6 | - | - | 4 | - | 7 |



Statement of the Management Board of the Parent Company

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

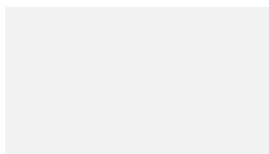
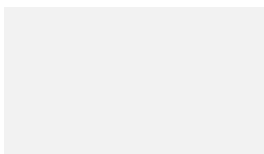
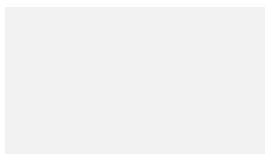
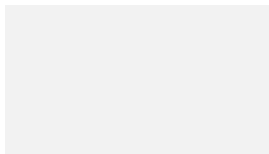
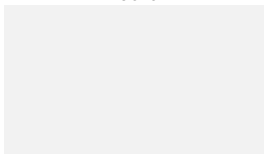
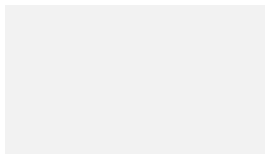
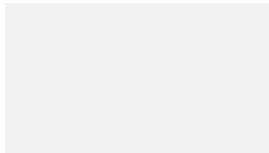
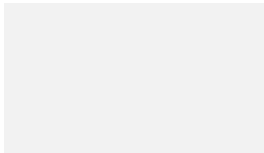
In accordance with the requirements of the Regulation of the Minister of Finance of 29 March 2018 on current and periodical information submitted by issuers of securities and conditions for considering as equivalent the information required under the legislation of a non-Member State, the Management Board of the Parent Company declares that, to the best of its knowledge, these interim condensed consolidated financial statements and comparative data have 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 2023, 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.

Approval of the financial statements

This report for the period from 1 January to 31 March 2023 has been signed and approved for publication by the Management Board of CD PROJEKT S.A. on 29 May 2023.

Warsaw, 29 May 2023

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



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