



**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENT OF THE CD PROJEKT
GROUP IN THE PERIOD BETWEEN
1 JANUARY AND 30 JUNE 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 – 30.06.2023	01.01.2022 – 30.06.2022	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
Net sales of products, services, goods for resale and materials	325 214	377 916	70 499	81 400
Cost of sales of products, services, goods for resale and materials	107 213	101 334	23 241	21 827
Operating profit/(loss)	99 087	137 484	21 480	29 613
Profit/(loss) before tax	120 727	153 616	26 171	33 088
Net profit/(loss) attributable to owners CD PROJEKT S.A.	91 271	113 746	19 786	24 500
Net cash from operating activities	121 599	142 656	26 360	30 727
Net cash from investing activities	(148 373)	132 928	(32 164)	28 632
Net cash from financing activities	(101 717)	(2 141)	(22 050)	(461)
Net increase/(decrease) in cash and cash equivalents	(128 491)	273 443	(27 854)	58 897
Number of shares (in thousands)	100 627	100 739	100 627	100 739
Net earnings/(loss) per share (in PLN)	0.91	1,13	0,20	0.24
Diluted earnings/(loss) per share (in PLN/EUR)	0.91	1,13	0,20	0.24
Book value per share (in PLN/EUR)	20.21	18.89	4.54	4.04
Diluted book value per share (in PLN/EUR)	20.21	18.88	4.54	4.03
Dividend declared or paid per share (in PLN/EUR)	1.00	1.00	0.22	0.22

	PLN		EUR	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Total assets	2 180 597	2 274 124	489 989	484 898
Liabilities and provisions for liabilities (excluding accruals)	118 436	214 626	26 613	45 763
Non-current liabilities	30 041	36 186	6 750	7 716
Current liabilities	116 759	204 534	26 236	43 612
Equity	2 033 797	2 033 404	457 002	433 571
Share capital	99 911	100 771	22 450	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 exchange rates announced by the National Bank of Poland for the euro applicable as at the last day of each month in a given reporting period. These rates were, respectively, as follows: from 1 January to 30 June 2023: 4.6130 PLN/EUR and from 1 January to 30 June 2022: 4.6427 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: 4.4503 PLN/EUR as at 30 June 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

1

Interim condensed consolidated income statement

	Note	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022*
Sales revenue		325 214	377 916
Sales of products	17	238 084	285 868
Sales of services	17	799	1 235
Sales of goods for resale and materials	17	86 331	90 813
Cost of sales of products, services, goods for resale and materials		107 213	101 334
Costs of products and services sold	18	42 701	37 013
Cost of goods for resale and materials sold	18	64 512	64 321
Gross profit/(loss) on sales		218 001	276 582
Selling expenses	18	85 106	90 599
Administrative expenses	18	58 866	45 968
Other operating income	19	33 708	5 386
Other operating expenses	19	8 654	7 909
(Impairment)/reversal of impairment of financial instruments		4	(8)
Operating profit/(loss)		99 087	137 484
Finance income	20	51 610	39 354
Finance costs	20	29 970	23 222
Profit/(loss) before tax		120 727	153 616
Income tax	10	29 456	39 870
Net profit/(loss)		91 271	113 746
Net profit/(loss) attributable to owners of CD PROJEKT S.A.		91 271	113 746
Net earnings/(loss) per share (in PLN)			
Basic for the reporting period		0.91	1.13
Diluted for the reporting period		0.91	1.13

* restated data

Interim condensed consolidated statement of comprehensive income

	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
Net profit/(loss)	91 271	113 746
Other comprehensive income subject to reclassification to gains or losses after specific conditions have been met:	(1 359)	(6 439)
Exchange differences on measurement of foreign operations	(1 696)	1 552
Measurement of derivative financial instruments – fair value through other comprehensive income, taking into account the tax effect	337	(7 991)
Other comprehensive income not subject to reclassification to gains or losses	-	-
Total comprehensive income	89 912	107 307
Total comprehensive income attributable to non-controlling interests	-	-
Total comprehensive income attributable to owners of CD PROJEKT S.A.	89 912	107 307



Interim condensed consolidated statement of financial position

	Note	30.06.2023	31.12.2022
NON-CURRENT ASSETS		1 296 676	1 119 978
Property, plant and equipment	2	161 009	145 252
Intangible assets	3	69 785	69 157
Expenditure on development projects	3	596 575	473 202
Investment properties	5	37 429	42 560
Goodwill	3,4	56 438	56 438
Shares in non-consolidated subordinated entities	16	43 477	41 607
Prepayments and deferred costs	9	42 727	31 074
Other financial assets	8,16	242 203	207 437
Deferred tax assets	10	46 658	52 862
Other receivables	7,16	375	389
CURRENT ASSETS		883 921	1 154 146
Inventories	6	8 118	12 701
Trade receivables	7,16	83 557	165 290
Current income tax receivable		12 356	1 458
Other receivables	7	42 359	57 139
Prepayments and deferred costs	9	21 494	22 886
Other financial assets	8,16	249 576	279 515
Bank deposits over 3 months	16	317 125	337 330
Cash and cash equivalents	16	149 336	277 827
TOTAL ASSETS		2 180 597	2 274 124



	Note	30.06.2023	31.12.2022
EQUITY		2 033 797	2 033 404
Equity of the shareholders of CD PROJEKT S.A.		2 033 797	2 033 404
Share capital	11, 22	99 911	100 771
Supplementary capital		1 714 604	1 567 325
Share premium		116 700	116 700
Treasury shares		-	(99 993)
Other reserves		12 984	2 255
Foreign exchange differences on translation		208	1 904
Retained earnings (Accumulated losses)		(1 881)	(2 651)
Net profit (loss) for the period		91 271	347 093
Non-controlling interests		-	-
NON-CURRENT LIABILITIES		30 041	36 186
Other financial liabilities	16	18 206	18 883
Other liabilities	14	2 500	2 620
Deferred tax provision	10	46	50
Deferred income	15	2 753	3 669
Provision for retirement and similar benefits	12	366	366
Other provisions	13	6 170	10 598
CURRENT LIABILITIES		116 759	204 534
Other financial liabilities	16	8 478	9 578
Trade payables	16	49 870	72 119
Current income tax liabilities		-	2 116
Other liabilities	14	10 760	10 244
Deferred income	15	25 611	22 425
Provision for retirement and similar benefits	12	10	10
Other provisions	13	22 030	88 042
TOTAL LIABILITIES AND EQUITY		2 180 597	2 274 124

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 of the shareholders of CD PROJEKT S.A.	Non-controlling interests	Total equity
01.01.2023 – 30.06.2023											
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 plan	-	-	-	-	10 392	-	-	-	10 392	-	10 392
Appropriation of the net profit/offset of loss	-	246 412	-	-	-	-	(246 412)	-	-	-	-
Payment of dividend	-	-	-	-	-	-	(99 911)	-	(99 911)	-	(99 911)
Redemption of treasury shares	(860)	(99 133)	-	99 993	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	337	(1 696)	-	91 271	89 912	-	89 912
Equity as at 30.06.2023	99 911	1 714 604	116 700	-	12 984	208	(1 881)	91 271	2 033 797	-	2 033 797

	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 of the shareholders of CD PROJEKT S.A.	Non-controlling interests	Total equity
01.01.2022 – 30.06.2022											
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 plan	-	-	-	-	2 320	-	-	-	2 320	-	2 320
Appropriation of the net profit/offset of loss	-	135 195	-	-	-	-	(135 195)	-	-	-	-
Payment of dividend	-	-	-	-	-	-	(100 739)	-	(100 739)	-	(100 739)
Total comprehensive income	-	-	-	-	(7 991)	1 552	-	113 746	107 307	-	107 307
Equity as at 30.06.2022	100 739	1 560 842	115 909	-	42 323	3 143	(33 458)	113 746	1 903 244	-	1 903 244



Interim condensed consolidated statement of cash flows

	Note	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
OPERATING ACTIVITIES			
Net profit/(loss)		91 271	113 746
Total adjustments:	30	21 148	23 992
Depreciation and amortization of property, plant and equipment, intangible assets, expenditure on development projects and investment properties		6 611	7 346
Amortization of development projects recognized as cost of goods sold		43 213	36 215
Foreign exchange (gains)/losses		18 842	(4 855)
Interest and participation in profits		(25 225)	(17 553)
(Gains)/losses on investing activities		(43 042)	1 486
Increase/(Decrease) in provisions		(49 904)	(50 187)
(Increase)/Decrease in inventories		4 583	750
(Increase)/Decrease in receivables		78 922	72 643
Increase/(Decrease) in liabilities, excluding loans and borrowings		(15 429)	7 523
Change in other assets and liabilities		(8 112)	(34 673)
Other adjustments		10 689	5 297
Cash from operating activities		112 419	137 738
Income tax expense		13 496	15 236
Withholding tax paid abroad		15 960	24 634
Income tax (paid)/refunded		(20 276)	(34 952)
Net cash from operating activities		121 599	142 656



	Note	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
INVESTING ACTIVITIES			
Inflows		420 885	461 761
Sale of intangible assets and property, plant and equipment		514	14
Repayment of loans granted		-	11 910
Expiry of bank deposits over 3 months		329 970	265 000
Redemption of bonds		56 411	173 090
Interest on bonds		6 479	2 102
Interest received on deposits		17 195	9 018
Inflows from execution of forward contracts		10 273	-
Other cash inflows from investing activities		43	627
Outflows		569 258	328 833
Acquisition of intangible assets and property, plant and equipment		29 696	25 621
Expenditure on development projects		162 616	89 710
Expenditure on intangible assets		380	-
Acquisition of investment properties and capitalization of expenditure		98	145
Loans granted		4 215	3 400
Purchase of shares in a subsidiary		3 515	-
Contribution to the capital of a subsidiary		-	26 010
Purchase of bonds and cost of their purchase		58 973	168 120
Placement of bank deposits over 3 months		309 765	-
Outflows from execution of forward contracts		-	15 763
Other outflows on investing activities		-	64
Net cash from investing activities		(148 373)	132 928
FINANCING ACTIVITIES			
Inflows		29	20
Payment of finance lease liabilities		28	20
Interest paid		1	-
Outflows		101 746	2 161
Dividends and other distributions to shareholders		99 911	-
Payment of lease liabilities		1 441	1 894
Interest paid		394	267
Net cash used in financing activities	31	(101 717)	(2 141)
Net increase/(decrease) in cash and cash equivalents		(128 491)	273 443
Change in cash and cash equivalents in the balance sheet		(128 491)	273 443
Cash and cash equivalents as at the beginning of the period		277 827	411 586
Cash and cash equivalents as at the end of the period		149 336	685 029



CD PROJEKT

Notes to the interim condensed consolidated financial statements

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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 entity:	CD PROJEKT S.A.
Name of the top parent of the group:	CD PROJEKT S.A.

Consolidation policies

Consolidated companies – as at 30 June 2023

	% share in capital	% share of voting rights	consolidation method
CD PROJEKT S.A.	parent entity	-	-
GOG sp. z o.o.	100%	100%	acquisition accounting
CD PROJEKT Inc. (currently: CD PROJEKT RED 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	71%	71%	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 subsidiary's share in the parent entity's total assets does not exceed 2%,
- the share in the parent entity's revenue from sales and financial transactions does not exceed 1%,

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

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

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

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

Subsidiaries

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

- having power, consisting of having substantive rights that give the Group the current ability to direct the relevant activities, i.e. those activities which significantly affect the entity's financial results,
- being exposed or having rights to variable returns, consisting of having the potential to change the financial results of the Group depending on the results of the subsidiary,
- having the ability to use the power exercised to affect its returns from the subsidiary by using its power in order to affect the financial results attributable to the Group resulting from 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. for a period of at least 12 months after the balance sheet date.

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

By the date of preparing the consolidated financial statements for the period from 1 January to 30 June 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 30 June 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 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 Presentation of Financial Statements** and **IFRS 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.

These amendments have no material impact on the accounting Policies applied by the Group in respect of 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:

- Amendments to **IAS 12** *The International Tax Reform - Pillar Two Model Rules* - applicable to annual reporting periods beginning on or after 1 January 2023,
- Amendment to **IAS 1** *Presentation of financial statements: Classification of liabilities as current or non-current and Non-current Liabilities with Covenants* - 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,
- Amendments to **IAS 7** *Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements* - applicable to reporting periods beginning on or after 1 January 2024,
- Amendments to **IAS 21** *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* - applicable to reporting periods beginning on or after 1 January 2025.

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 as at the date of transaction. 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.

Assumption of comparability of the financial statements and changes in 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.



Presentation changes

In these interim condensed consolidated financial statements for the period from 1 January to 30 June 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 of the data for the period from 1 January to 30 June 2022 was changed. The data is presented after the following change:

- In the income statement for the period from 1 January 2022 to 30 June 2022, presentation of the provisions for the variable component of the performance-related remuneration of the Management Board Members was changed. Consequently, the following items changed:
 - Selling expenses – a decrease of PLN 10,708 thousand
 - Administrative expenses – an increase of PLN 10,708 thousand

Seasonality or cyclicity of the Group's operations

A detailed description of seasonality and cyclicity of the operations is presented in the Management Board Report on CD PROJEKT Group activities in the period between 1 January and 31 June 2023.

Audit by the registered auditor

The financial data presented in the statement of financial position as at 30 June 2023 and the financial data presented in the income statement, cash flow statement and the statement of changes in equity for the period from 1 January to 30 June 2023 and from 1 January to 30 June 2022 was not audited by the registered auditor. The data for the periods referred to above was reviewed by the registered auditor. The statement of financial position as at 31 December 2022 was audited by the 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 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 – 30.06.2023				
Sales revenue	244 271	84 522	(3 579)	325 214
from external customers	240 760	84 454	-	325 214
between segments	3 511	68	(3 579)	-
Net profit/(loss) of the segment	91 420	(141)	(8)	91 271

	Continuing operations		Consolidation eliminations	Total continuing operations
	CD PROJEKT RED	GOG.COM		
01.01.2022 – 30.06.2022				
Sales revenue	295 488	88 751	(6 323)	377 916
from external customers	289 301	88 615	-	377 916
between segments	6 187	136	(6 323)	-
Net profit/(loss) of the segment	113 475	353	(82)	113 746

Consolidated income statement by segments for the period from 01.01.2023 to 30.06.2023

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
Sales revenue	244 271	84 522	(3 579)	325 214
Sales of products	236 595	-	1 489	238 084
Sales of services	506	439	(146)	799
Sales of goods for resale and materials	7 170	84 083	(4 922)	86 331
Cost of sales of products, services, goods for resale and materials	50 922	59 752	(3 461)	107 213
Costs of products and services sold	42 725	4	(28)	42 701
Cost of goods for resale and materials sold	8 197	59 748	(3 433)	64 512
Gross profit/(loss) on sales	193 349	24 770	(118)	218 001
Selling expenses	64 931	20 184	(9)	85 106
Administrative expenses	55 157	3 926	(217)	58 866
Other operating income	34 089	691	(1 072)	33 708
Other operating expenses	8 946	629	(921)	8 654
(Impairment)/reversal of impairment of financial instruments	4	-	-	4
Operating profit/(loss)	98 408	722	(43)	99 087
Finance income	50 828	782	-	51 610
Finance costs	28 482	1 577	(89)	29 970
Profit/(loss) before tax	120 754	(73)	46	120 727
Income tax	29 334	68	54	29 456
Net profit/(loss)	91 420	(141)	(8)	91 271
Net profit/(loss) attributable to owners of CD PROJEKT S.A.	91 420	(141)	(8)	91 271

Consolidated income statement by segments for the period from 01.01.2022 to 30.06.2022*

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
Sales revenue	295 488	88 751	(6 323)	377 916
Sales of products	283 471	-	2 397	285 868
Sales of services	1 927	136	(828)	1 235
Sales of goods for resale and materials	10 090	88 615	(7 892)	90 813
Cost of sales of products, services, goods for resale and materials	43 791	63 208	(5 665)	101 334
Costs of products and services sold	37 141	42	(170)	37 013
Cost of goods for resale and materials sold	6 650	63 166	(5 495)	64 321
Gross profit/(loss) on sales	251 697	25 543	(658)	276 582
Selling expenses	69 844	20 874	(119)	90 599
Administrative expenses	43 031	3 164	(227)	45 968
Other operating income	5 362	2 183	(2 159)	5 386
Other operating expenses	8 379	1 872	(2 342)	7 909
(Impairment)/reversal of impairment of financial instruments	(8)	-	-	(8)
Operating profit/(loss)	135 797	1 816	(129)	137 484
Finance income	34 910	4 444	-	39 354
Finance costs	17 578	5 694	(50)	23 222
Profit/(loss) before tax	153 129	566	(79)	153 616
Income tax	39 654	213	3	39 870
Net profit/(loss)	113 475	353	(82)	113 746
Net profit/(loss) attributable to owners of CD PROJEKT S.A.	113 475	353	(82)	113 746

* restated data

Consolidated statement of financial position by segments as at 30.06.2023

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
NON-CURRENT ASSETS	1 269 324	44 633	(17 281)	1 296 676
Property, plant and equipment	159 837	2 778	(1 606)	161 009
Intangible assets	69 146	1 129	(490)	69 785
Expenditure on development projects	594 129	2 212	234	596 575
Investment properties	37 429	-	-	37 429
Goodwill	56 438	-	-	56 438
Investments in subordinated entities	15 405	-	(15 405)	-
Shares in non-consolidated subordinated entities	43 477	-	-	43 477
Prepayments and deferred costs	6 100	36 627	-	42 727
Other financial assets	242 203	-	-	242 203
Deferred tax assets	44 785	1 887	(14)	46 658
Other receivables	375	-	-	375
CURRENT ASSETS	840 247	51 078	(7 404)	883 921
Inventories	8 118	-	-	8 118
Trade receivables	83 176	5 035	(4 654)	83 557
Current income tax receivable	10 784	1 572	-	12 356
Other receivables	40 432	1 927	-	42 359
Prepayments and deferred costs	9 484	14 760	(2 750)	21 494
Other financial assets	249 576	-	-	249 576
Bank deposits over 3 months	317 125	-	-	317 125
Cash and cash equivalents	121 552	27 784	-	149 336
TOTAL ASSETS	2 109 571	95 711	(24 685)	2 180 597

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
EQUITY	2 010 528	38 887	(15 618)	2 033 797
Equity of the shareholders of CD PROJEKT S.A.	2 010 528	38 887	(15 618)	2 033 797
Share capital	99 911	136	(136)	99 911
Supplementary capital	1 681 868	38 251	(5 515)	1 714 604
Share premium	116 700	-	-	116 700
Treasury shares	-	-	-	-
Other reserves	13 997	704	(1 717)	12 984
Foreign exchange differences on translation	(741)	(65)	1 014	208
Retained earnings (Accumulated losses)	7 373	2	(9 256)	(1 881)
Net profit (loss) for the period	91 420	(141)	(8)	91 271
Non-controlling interests	-	-	-	-
NON-CURRENT LIABILITIES	30 014	1 174	(1 147)	30 041
Other financial liabilities	18 206	1 147	(1 147)	18 206
Other liabilities	2 500	-	-	2 500
Deferred tax provision	46	-	-	46
Deferred income	2 753	-	-	2 753
Provision for retirement and similar benefits	339	27	-	366
Other provisions	6 170	-	-	6 170
CURRENT LIABILITIES	69 029	55 650	(7 920)	116 759
Other financial liabilities	8 251	743	(516)	8 478
Trade payables	19 501	34 972	(4 603)	49 870
Other liabilities	5 415	5 345	-	10 760
Deferred income	18 479	9 882	(2 750)	25 611
Provision for retirement and similar benefits	9	1	-	10
Other provisions	17 374	4 707	(51)	22 030
TOTAL LIABILITIES AND EQUITY	2 109 571	95 711	(24 685)	2 180 597

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 of the shareholders 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 retirement 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 retirement 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



CD PROJEKT

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

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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

Material events

The following unusual events had a material impact on the results, assets, equity & liabilities and cash flows of the CD PROJEKT Group in the reporting period (which was not observed in the comparative period):

- In the CD PROJEKT RED segment, in connection with the determination of the new framework for the Sirius project developed by The Molasses Flood studio, a write-down of expenditure incurred on development work until the end of 2022 was partially reversed (an increase in the balance of Other operating income of PLN 21 531 thousand) and part of the expenditure incurred on the project in the first quarter of 2023 was written off (an increase in the balance of Other operating expenses of PLN 2 745 thousand). This materially affected the Group's net profit or loss and the relevant items of the Statement of financial position and the Statement of cash flows presented in this Report,
- In connection with the fact that CD PROJEKT S.A. is taking advantage of tax relief for an innovative employee, the CD PROJEKT RED segment reduced current personal income tax liabilities under PIT4 and PIT8A and recognized income in this respect (an increase in the balance of Other operating income of PLN 7 718 thousand); at the same time, the deferred tax asset relating to the R&D relief available in subsequent periods was reduced accordingly, resulting in an increase in the balance of Income tax in the Income statement,
- In the second quarter of the current year, Incentive Plan A and Incentive Plan B were introduced in the CD PROJEKT Group, replacing the existing incentive program operated since 2020. The cost of rights awarded as part of the said incentive plans determined by an actuarial valuation were accounted for partly as modifications. The settlement of costs of this modification, taking into account earlier periods of the former incentive plan, resulted in a one-off increase in the cost associated with the functioning of the incentive plans in the reporting period. The total amount of the Group's costs relating to the functioning of the incentive plans in the first half of 2023 was PLN 10 392 thousand.

Note 2. Property, plant and equipment

Changes in property, plant and equipment (by category) for the period 01.01.2023 – 30.06.2023

	Land	Buildings and structures	Civil and hydraulic engineering facilities	Plant and machinery	Vehicles	Other fixed 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:	-	24 811	2 867	22 636	674	1 665	5 627	58 280
purchase	-	141	2	15 804	31	306	5 627	21 911
lease contracts concluded	-	283	-	-	642	-	-	925
transfer from investment properties	-	3 854	-	316	-	-	-	4 170
transfer from assets under construction	-	20 148	2 865	6 512	-	1 359	-	30 884
reclassification	-	50	-	-	-	-	-	50
other	-	335	-	4	1	-	-	340
Decrease due to:	-	4 535	99	451	10	35	30 939	36 069
sale	-	-	-	201	5	-	-	206
scrapping	-	1 044	99	190	5	35	1	1 374
transfer from assets under construction	-	-	-	-	-	-	30 884	30 884
reclassification	-	-	-	50	-	-	54	104
lease contracts terminated	-	3 491	-	-	-	-	-	3 491
other	-	-	-	10	-	-	-	10
Gross carrying amount as at 30.06.2023	40 435	102 573	4 693	81 041	3 915	7 406	2 777	242 840
Accumulated depreciation as at 01.01.2023	1 817	25 351	717	42 482	1 537	3 473	-	75 377
Increase due to:	283	4 293	95	5 985	321	494	-	11 471
depreciation charge	283	3 310	95	5 920	318	494	-	10 420
transfer from investment properties	-	570	-	48	-	-	-	618
reclassification	-	81	-	-	-	-	-	81
other	-	332	-	17	3	-	-	352
Decrease due to:	-	4 415	99	458	10	35	-	5 017
sale	-	-	-	200	5	-	-	205
scrapping	-	924	99	177	5	35	-	1 240
reclassification	-	-	-	81	-	-	-	81
lease contracts terminated	-	3 491	-	-	-	-	-	3 491
Accumulated depreciation as at 30.06.2023	2 100	25 229	713	48 009	1 848	3 932	-	81 831
Impairment write-downs as at 01.01.2023	-	-	-	-	-	-	-	-
Impairment write-downs as at 30.06.2023	-	-	-	-	-	-	-	-
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 30.06.2023	38 335	77 344	3 980	33 032	2 067	3 474	2 777	161 009

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

	30.06.2023	31.12.2022
Construction of an office building on the CD PROJEKT campus	97 072	-
Leasing of passenger cars	554	599
Total	97 626	599

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

	30.06.2023		
	Gross amount	Accumulated depreciation	Net amount
Land	14 540	771	13 769
Real properties	9 385	4 606	4 779
Vehicles	2 464	674	1 790
Total	26 389	6 051	20 338

	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 hydraulic engineering facilities	99	99	-
Vehicles	2 264	625	1 639
Total	31 235	10 128	21 107

Note 3. Intangible assets and expenditure on development projects

Changes in intangible assets and expenditure on development projects for the period 01.01.2023 – 30.06.2023

	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:	148 058	-	-	1 255	5	907	-	1 716	151 941
purchase	-	-	-	1 255	5	523	-	1 320	3 103
assets internally generated	148 058	-	-	-	-	-	-	396	148 454
transfer from intangible assets under construction	-	-	-	-	-	343	-	-	343
reclassification	-	-	-	-	-	41	-	-	41
Decrease due to:	14 589	-	-	41	-	4 552	-	359	19 541
scrapping	2 745	-	-	-	-	4 552	-	-	7 297
utilization of impairment write- downs	11 844	-	-	-	-	-	-	-	11 844
transfer from intangible assets under construction	-	-	-	-	-	-	-	343	343
reclassification	-	-	-	41	-	-	-	16	57
Gross carrying amount as at 30.06.2023	380 746	930 087	33 199	5 374	18 474	46 433	56 438	1 529	1 472 280
Accumulated amortization as at 01.01.2023	-	657 011	-	2 767	301	33 853	-	-	693 932
Increase due to:	-	43 471	-	450	150	2 254	-	-	46 325
amortization charge	-	43 471	-	450	150	2 254	-	-	46 325
Decrease due to:	-	-	-	-	-	4 551	-	-	4 551
scrapping	-	-	-	-	-	4 551	-	-	4 551
Accumulated amortization as at 30.06.2023	-	700 482	-	3 217	451	31 556	-	-	735 706
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
release of write- downs (write-off)	11 844	-	-	-	-	-	-	-	11 844
Impairment write-downs as at 30.06.2023	-	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 30.06.2023	380 746	215 829	33 199	2 157	18 023	14 877	56 438	1 529	722 798

* restated data

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

Not applicable.

Note 4. Goodwill

During the period from 1 January to 30 June 2023 there were no changes in goodwill.

Note 5. Investment properties

The Parent Company owns a real estate complex located at ul. Jagiellońska 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 – 30.06.2023

Gross carrying amount as at 01.01.2023	47 946
Increase due to:	98
capitalized expenditure	98
Decrease due to:	5 033
scrapping	864
reclassification to other asset categories	4 169
Gross carrying amount as at 30.06.2023	43 011
Accumulated amortization as at 01.01.2023	5 386
Increase due to:	941
amortization charge	941
Decrease due to:	745
scrapping	127
reclassification to other asset categories	618
Accumulated amortization as at 30.06.2023	5 582
Impairment write-downs as at 01.01.2023	-
Increase	-
Decrease	-
Impairment write-downs as at 30.06.2023	-
Net carrying amount as at 30.06.2023	37 429

Contractual liabilities on purchase of investment properties

Not applicable.

**Note 6. Inventories**

	30.06.2023	31.12.2022
Goods for resale	8 115	12 697
Other materials	3	4
Gross inventories	8 118	12 701
Inventory write-downs	-	-
Net inventories	8 118	12 701

Change in inventory write-downs

Not applicable.

Note 7. Trade and other receivables

	30.06.2023	31.12.2022
Trade and other receivables, gross	127 105	223 636
Write-downs	814	818
Trade and other receivables	126 291	222 818
from related entities	423	1 855
from other entities	125 868	220 963

Change in write-downs of receivables

	Trade receivables	Other receivables	Total
OTHER ENTITIES			
Write-downs as at 01.01.2023	86	732	818
Increases, including:	2	-	2
write-downs recognized for past-due and disputed receivables	2	-	2
Decreases, including:	6	-	6
release of write-downs	6	-	6
Write-downs as at 30.06.2023	82	732	814

Current and overdue trade receivables as at 30.06.2023

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
RELATED ENTITIES							
gross receivables	573	312	247	14	-	-	-
default ratio		0%	0%	0%	0%	0%	0%
write-down resulting from the ratio	-	-	-	-	-	-	-
write-down determined individually	-	-	-	-	-	-	-
total expected credit losses	-	-	-	-	-	-	-
Net receivables	573	312	247	14	-	-	-

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	83 066	81 571	1 383	12	18	2	80
default ratio		0%	0%	0%	0%	0%	0%
write-down resulting from the ratio	-	-	-	-	-	-	-
write-down determined individually	82	-	-	-	-	2	80
total expected credit losses	82	-	-	-	-	2	80
Net receivables	82 984	81 571	1 383	12	18	-	-

Total							
gross receivables	83 639	81 883	1 630	26	18	2	80
impairment write-downs	82	-	-	-	-	2	80
Net receivables	83 557	81 883	1 630	26	18	-	-

Other receivables

	30.06.2023	31.12.2022
Other gross receivables, including:	43 466	58 260
tax receivables, other than corporate income tax	26 074	43 414
prepayments for inventories	14 142	6 940
prepayments for development projects	1 718	1 433
security deposits	475	1 071
settlements with employees	59	-
provisions for sales revenue – prepayments	53	137
prepayments for property, plant and equipment and intangible assets	30	135
settlements with suppliers of property, plant and equipment items	-	4 160
settlements with payment operators	-	7
settlements with members of the Management Boards of the Group companies	-	2
other	915	961
Write-downs	732	732
Other receivables, including:	42 734	57 528
current	42 359	57 139
non-current	375	389

Note 8. Other financial assets

	30.06.2023	31.12.2022
Loans granted	4 789	739
Bonds	464 196	475 848
Derivative financial instruments	20 534	7 809
Private equity interests in the gaming sector	2 260	2 556
Other financial assets, including:	491 779	486 952
current	249 576	279 515
non-current	242 203	207 437

Note 9. Prepayments and deferred costs

	30.06.2023	31.12.2022*
Minimum guarantees, advance payments and prepayments GOG.COM	47 706	41 457
Software, licences	10 042	6 186
Costs of future marketing services	1 522	1 597
Fees for pre-emptive rights	1 218	1 271
Costs of repairs and maintenance	974	1 142
Costs of IT security resources	451	380
Staff relocation costs	365	39
Property and personal insurance	263	785
Costs in connection with redevelopment of the car park	260	260
Business travel (tickets, hotels, insurance)	235	85
Transaction costs	143	-
Perpetual usufruct	141	-
Domains, servers	125	235
Other prepayments and deferred costs	776	523
Prepayments and deferred costs, including:	64 221	53 960
current	21 494	22 886
non-current	42 727	31 074

* 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	30.06.2023
Provision for other employee benefits	376	-	376
Provision for costs of performance-related and other remuneration	49 565	(40 310)	9 255
Tax loss	5 467	1 306	6 773
Foreign exchange losses	7 573	17 507	25 080
Difference between the carrying and tax amount of expenditure on development projects	34 836	(16 762)	18 074
Salaries and wages and social security payable in future periods	47	25	72
Deferred income in respect of virtual wallet top-ups and fringe benefit scheme	3 955	216	4 171
Other provisions	34 167	(4 590)	29 577
Tax value of leased non-current assets	20 697	(265)	20 432
Research and development relief	318 126	(40 623)	277 503
Prepayments recognized as revenue for tax purposes	7 523	(4 552)	2 971
Difference between the net carrying amount and tax amount of property, plant and equipment and intangible assets	12	(12)	-
Measurement of forward contracts	892	(665)	227
Other	-	20	20
Total deductible differences, including:	483 236	(88 705)	394 531
taxed at 5%	71 657	(399)	71 258
taxed at 19%	410 344	(88 222)	322 122
deferred tax charged abroad	1 235	(84)	1 151
Deferred income tax asset	81 900	(16 803)	65 097

* restated data

Taxable temporary differences underlying the deferred tax provision

	31.12.2022*	Differences affecting the deferred tax recognized in the profit or loss	30.06.2023
Difference between the net carrying amount and tax amount of property, plant and equipment and intangible assets	17 780	1 939	19 719
Current period revenue invoiced in the subsequent period/accrued income	132 427	(68 541)	63 886
Foreign exchange gains	8 722	(8 131)	591
Difference between the carrying and tax amount of expenditure on development projects	254 638	(42 463)	212 175
Book value of leased non-current assets	20 844	(414)	20 430
Other	151	60	211
Total taxable differences, including:	434 562	(117 550)	317 012
taxed at 5%	382 911	(83 862)	299 049
taxed at 19%	50 214	(33 592)	16 622
deferred tax charged abroad	1 437	(96)	1 341
Deferred tax provision	29 088	(10 603)	18 485

* restated data

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

Net deferred tax asset/provision

	30.06.2023	31.12.2022*
Deferred tax asset	65 097	81 900
Deferred tax provision	18 485	29 088

* restated data

Income tax expense recognized in the income statement

	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
Current income tax, including:	23 256	32 862
withholding tax paid abroad	15 961	24 634
Change in deferred tax	6 200	7 008
Income tax expense recognized in the income statement	29 456	39 870

Note 11. Share capital

Share capital – structure as at 30.06.2023

Series	Number of shares	Value of the series/issue at par	Manner of covering share capital
A - M	99 910 510	99 910 510	Fully paid up
Total	99 910 510	99 910 510	-

On 18 April 2023, an Extraordinary General Meeting of the Parent Company took place at which the shareholders approved, among others, resolutions concerning a decrease of the share capital and redemption of 860 290 own shares acquired by the Parent Company between 5 and 24 October 2022. The contents of the resolutions passed by the Extraordinary General Meeting is available on [the Parent Company's website](#).

On 26 June 2023, in connection with the adopted resolutions, the District Court for the City of Warsaw in Warsaw entered in the Register of Businesses changes consisting in, among other things, decreasing the Parent Company's share capital by PLN 860 290 and thereby, redemption of 860 290 of the Parent Company's own shares (i.e. own shares acquired earlier with a view to their redemption as part of the buyback executed between 5 and 24 October 2022). As a result, as at the date of publication of this report, the Parent Company's share capital amounts to PLN 99 910 510 and consists of 99 910 510 ordinary bearer shares with a par value of PLN 1 each, designated as series A – M shares. The total number of votes resulting from all shares of the Parent Company is 99 910 510.

There were no changes in the amount of the Parent Company's share capital after the balance sheet date.

Changes in share capital

	01.01.2023 – 31.06.2023	01.01.2022 – 31.12.2022
Share capital as at the beginning of the period	100 771	100 739
Increase due to:	-	32
issuance of shares paid up in cash – incentive plan	-	32
Decrease due to:	860	-
redemption of own shares	860	-
As at the end of the period	99 911	100 771

Note 12. Provision for retirement and similar benefits

	30.06.2023	31.12.2022
Provision for retirement and disability bonuses	376	376
Total, including:	376	376
current	10	10
non-current	366	366

During the period from 1 January to 30 June 2023 there were no changes in provisions for retirement and similar benefits.

Note 13. Other provisions

	30.06.2023	31.12.2022
Provision for liabilities, including:	28 200	98 640
provision for costs of the audit and review of the financial statements	73	167
provision for costs of external services	910	850
provision for costs of performance-related and other remuneration	9 254	67 966
provision for other costs	17 963	29 657
Total, including:	28 200	98 640
current	22 030	88 042
non-current	6 170	10 598

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	9 254	36 927	46 181
Provisions utilized/released	67 966	48 655	116 621
As at 30.06.2023, including:	9 254	18 946	28 200
current	9 254	12 776	22 030
non-current	-	6 170	6 170

Note 14. Other liabilities

	30.06.2023	31.12.2022
Liabilities in respect of taxes, customs duties, social security and other, with the exception of corporate income tax	9 775	9 547
VAT	4 309	5 302
Withholding tax	504	32
Personal income tax	1 071	1 944
Social security contributions	3 764	2 043
PFRON (State Disabled Persons Fund)	91	75
PIT-8AR (personal income tax) settlements	36	134
Other	-	17
Other liabilities	3 485	3 317
Liabilities in respect of pre-emptive rights and costs of future marketing services	2 500	2 620
Other settlements with employees	148	241
Other settlements with members of the Management Boards	1	32
Prepayments received from foreign customers	-	8
Other liabilities	836	416
Total other liabilities	13 260	12 864
current	10 760	10 244
non-current	2 500	2 620

Current and overdue trade receivables as at 30.06.2023

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
To related entities	2	1	1	-	-	-	-
To other entities	13 258	12 905	123	5	-	22	203
Total	13 260	12 906	124	5	-	22	203

Note 15. Deferred income

	30.06.2023	31.12.2022
Subsidies	4 586	5 511
Sales relating to future periods	18 991	16 088
GOG wallet	4 746	4 460
Rental of company phones	41	35
Deferred income, including:	28 364	26 094
current	25 611	22 425
non-current	2 753	3 669

Note 16. Information on financial instruments

Fair values and hierarchy of specific classes of financial instruments

The Management Boards of Group companies analysed specific classes of financial instruments. Based on the analysis, it was concluded that the carrying amounts of the instruments does not materially differ from their fair values, as at both 30 June 2023 and 31 December 2022.

	30.06.2023	31.12.2022*
LEVEL 1		
Assets measured at fair value		
Assets measured at fair value through other comprehensive income	220 483	243 091
bonds issued by foreign governments – EUR	15 609	25 111
bonds issued by foreign governments – USD	204 874	217 980
LEVEL 2		
Assets measured at fair value through profit or loss		
Derivatives	20 534	7 809
currency forwards – EUR	973	1 249
currency forwards – USD	19 561	6 560
Private equity interests in the gaming sector	2 260	2 556
private equity interests in the gaming sector – SEK	919	1 085
Private equity interests in the gaming sector – USD	1 341	1 471
Liabilities measured at fair value through profit or loss		
Derivatives	227	891
currency forwards – EUR	56	72
currency forwards – USD	171	819

* restated data

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

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

Level 2 - fair value based in observable market data.

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

Financial assets – classification and measurement

	30.06.2023	31.12.2022
Financial assets measured at amortized cost	798 895	1 014 332
Other non-current receivables	375	389
Trade receivables	83 557	165 290
Cash and cash equivalents	149 336	277 827
Bank deposits over 3 months	317 125	337 330
Treasury bonds and bonds guaranteed by the State Treasury	243 713	232 757
Loans granted	4 789	739
Financial assets measured at cost	43 477	41 607
Shares in non-consolidated subordinated entities	43 477	41 607
Assets measured at fair value through other comprehensive income	220 483	243 091
Bonds issued by foreign governments	220 483	243 091
Financial assets measured at fair value through profit or loss:	22 794	10 365
Derivative financial instruments	20 534	7 809
Private equity interests in the gaming sector	2 260	2 556
Total financial assets	1 085 649	1 309 395

Financial liabilities – classification and measurement

	30.06.2023	31.12.2022
Financial liabilities measured at amortized cost	76 327	99 689
Trade payables	49 870	72 119
Other financial liabilities	26 457	27 570
Financial liabilities measured at fair value through profit or loss	227	891
Derivative financial instruments	227	891
Total financial liabilities	76 554	100 580

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

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

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

In accordance with the requirements of **IFRS 13 Fair Value Measurement**, the Group analysed the valuation of the financial instruments measured at amortized cost in the consolidated statement of financial position in order to determine their fair values and their classification on the fair value hierarchy.

Listed debt securities were classified to Level 1. They include State Treasury bonds and bonds guaranteed by the State Treasury whose fair value was determined on the basis of a market valuation provided by the brokerage office as part of the applicable agreement for the provision of brokerage services.

	30.06.2023	31.12.2022
LEVEL 1		
Fair value of assets measured at amortized cost	236 096	219 713
Treasury bonds and bonds guaranteed by the State Treasury	236 096	219 713

Other items of financial assets and financial liabilities measured at amortized cost were classified to Level 3.

With regard to equity interests in other entities, the Group estimates the fair values of the shares held using the method which consists in forecasting future cash flows generated by a relevant cash generating unit and requires determining a discount rate to be used to calculate the present value of these cash flows. In justified cases, the Group assumes historical cost as an acceptable approximation of the fair value.

The Group did not determine the fair values of receivables, trade payables, cash and cash equivalents, bank deposits over 3 months and loans granted with variable interest, because their carrying amounts are considered by the Group to be a reasonable approximation of their fair values.

There were no movements between levels in the fair value hierarchy in the reporting period and in the comparative period.

Note 17. Sales revenue

Sales revenue – geographical structure*

	01.01.2023 – 30.06.2023		01.01.2022 – 30.06.2022	
	in PLN	in %	in PLN	in %
Domestic sales	14 079	4.33%	14 785	3.91%
Export sales, including:	311 135	95.67%	363 131	96.09%
Europe	70 964	21.82%	76 438	20.23%
North America	210 622	64.77%	248 040	65.64%
South America	1 746	0.54%	1 530	0.40%
Asia	24 164	7.43%	32 975	8.73%
Australia	3 407	1.04%	3 947	1.04%
Africa	232	0.07%	201	0.05%
Total	325 214	100%	377 916	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 – 30.06.2023	01.01.2022 – 30.06.2022
Own production	238 084	285 868
Third party production	86 331	90 813
Other revenue	799	1 235
Total	325 214	377 916

Sales revenue – by distribution channel

	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
Games – box issues	21 942	17 436
Games – digital issues	288 172	346 839
Other revenue	15 100	13 641
Total	325 214	377 916

Note 18. Operating expenses

	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022*
Depreciation and amortization of property, plant and equipment, intangible assets, expenditure on development projects and investment properties, including:	6 611	7 346
depreciation on leased buildings	560	834
depreciation of leased vehicles	237	174
Materials and energy used	1 783	1 218
External services, including:	52 310	55 697
costs of short-term leases and low value leases	246	343
Taxes and fees	937	552
Salaries and wages, social insurance and other benefits	79 728	69 590
Business travel	1 812	563
Cost of using company cars	118	117
Cost of goods for resale and materials sold	64 512	64 321
Costs of products and services sold	42 701	37 013
Other costs	673	1 484
Total	251 185	237 901
Selling expenses	85 106	90 599
Total administrative expenses, including:	58 866	45 968
cost of research work	3 273	3 904
Costs of sales	107 213	101 334
Total	251 185	237 901

* restated data

Note 19. Other operating income and expenses

Other operating income

	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
Reversal of a write-down of expenditure on development projects in progress	21 531	-
Tax relief for innovative employees	7 718	-
Rental income	2 187	3 351
Subsidies	924	931
Income from re-invoicing	429	398
Other sales	346	41
Fixed assets and goods for resale received free of charge	168	-
Release of unused provisions for costs	141	232
Refund of overpaid tax on civil law transactions	94	-
Payments from enforcement officers	27	-
Gains on disposal of non-current assets	24	9
Damages received	-	1
Other	119	423
Total other operating income	33 708	5 386

Other operating expenses

	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
Scrapping of fixed assets and intangible assets	2 879	482
Cost of rental	1 713	1 831
Depreciation of investment properties	928	929
Disposal of investment properties	737	-
Cost of sales of other sales	495	32
Costs relating to re-invoicing	429	398
Donations and charity	404	1 223
Provision for the uninsured portion of the US court settlement cost	335	-
VAT written off	255	-
Cost of destruction of materials and goods for resale	171	2 758
Irrecoverable receivables	54	-
Other	254	256
Total other operating expenses	8 654	7 909

Note 20. Finance income and costs

Finance income

	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
Interest income	25 636	18 021
on current bank deposits	17 195	9 018
on bonds	8 339	8 788
on loans	102	215
Other finance income	25 974	21 333
settlement and measurement of derivative financial instruments	23 634	3 824
gain on redemption of bonds	2 294	17 507
forward contracts – Management Board	-	2
other finance income	46	-
Total finance income	51 610	39 354

Finance costs

	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
Interest expense	646	717
on bonds	18	201
on lease contracts	393	267
on liabilities to the State Treasury	232	248
on trade payables	3	1
Other finance costs	29 324	22 505
net foreign exchange losses	29 130	3 985
settlement and measurement of derivative financial instruments	-	18 353
commission and fees on purchase of bonds	143	167
measurement of private equity interests in the gaming sector	51	-
Total finance costs	29 970	23 222
Net finance income/expense	21 640	16 132

Note 21. 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 30 June 2023 is included in Note 18).

As at 30 June 2023 and 31 December 2022, future payments in respect of irrevocable short-term leases and leases of low-value assets were as follows:

	30.06.2023	31.12.2022
Up to 1 year	319	467
From 1 to 5 years	199	334
Total	518	801



Note 22. Issuance, redemption and repayment of debt and equity securities

Issuance of debt securities

Not applicable.

Issuance of equity securities

Specification	30.06.2023	31.12.2022
Number of shares in thousands	99 911	100 771
Par value of shares in PLN	1	1
Share capital	99 911	100 771

Note 23. Dividend paid (or declared) and received

On 6 June 2023, the Ordinary Shareholders Meeting of the Parent Company decided to set aside a part of the Parent Company's net profit for 2022 for distribution to shareholders as dividend. In accordance with the Resolution adopted, on 20 June 2023, the Parent Company paid out PLN 99 910 510 thousand, i.e. 1 PLN per each share participating in the dividend. The number of the Parent Company's shares giving right to the dividend was 99 910 510, which represented the total number of the Parent Company's shares as at the payment date less the Parent Company's own shares (860 290 shares).

Note 24. Transactions with related entities

Terms and conditions of transactions with related entities

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

In the process of determining prices in controlled transactions related entities belonging to the CD PROJEKT Group refer to methods provided for in OECD Guidelines and in the national legislation, including the safe harbour legislation.

The selection of an appropriate method of verifying transfer prices is preceded by a detailed analysis of each transaction which involves, among other things, the distribution of functions between parties to the transaction, assets engaged by the parties and the distribution of risks. Prices are determined using the most appropriate method for a given type of transaction in such a way that the terms of transactions between the CD PROJEKT Group companies correspond to the terms which independent entities would agree to adopt in comparable circumstances.

Transactions with related entities after consolidation eliminations

	Sales to related entities		Purchases from related entities		Receivables from related entities		Liabilities to related entities	
	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022	30.06.2023	31.12.2022	30.06.2023	31.12.2022
SUBSIDIARIES								
Spokko sp. z o.o.	226	737	1 140	-	2	156	246	-
CD PROJEKT RED Vancouver Studio Ltd.	23	29	10 104	7 781	563	1 694	1 730	2 746
The Molasses Flood LLC	1	-	25 690	10 311	4 789	742	2 855	2 579
MEMBERS OF THE MANAGEMENT BOARDS OF GROUP COMPANIES AND SUPERVISORY BOARD MEMBERS								
Marcin Iwiński	-	1	-	-	-	-	-	7
Adam Kiciński	-	-	-	-	-	-	-	13
Piotr Nielubowicz	-	1	-	-	-	2	-	13
Michał Nowakowski	-	3	-	-	-	-	-	4
Adam Badowski	1	6	-	-	-	-	1	6
Piotr Karwowski	3	2	-	-	-	-	-	2
Urszula Jach - Jaki	1	1	-	-	-	-	-	-
Maciej Gołębiewski	-	2	-	-	-	-	-	-
Paweł Zawodny	6	7	-	-	-	-	-	-
Jeremiah Cohn	-	1	-	-	-	-	-	-



Note 25. Unpaid loans or defaults on loan agreements in the cases where no corrective measures were adopted by the balance sheet date

Not applicable.

Note 26. Changes in contingent liabilities or contingent assets which occurred after the end of the last financial year

Contingent liabilities in respect of guarantees, sureties and collateral

	Specification	Currency	30.06.2023	31.12.2022
mBank S.A.				
Bill of exchange agreement	Framework agreement on financial market transactions	PLN	50 000	50 000
Bill of exchange agreement	Bank guarantee securing a rental contract	PLN	427	427
Mazowiecka Jednostka Wdrażania Programów Unijnych				
Contractual commitment	Commitment to incur operating and renovation expenditures on leased space	PLN	-	20
Narodowe Centrum Badań i Rozwoju				
Bill of exchange agreement	Subsidy agreement POIR.01.02.00-00-0105/16	PLN	7 711	7 711
Bill of exchange agreement	Subsidy agreement POIR.01.02.00-00-0110/16	PLN	3 846	3 846
Bill of exchange agreement	Subsidy agreement POIR.01.02.00-00-0112/16	PLN	3 692	3 692
Bill of exchange agreement	Subsidy agreement POIR.01.02.00-00-0118/16	PLN	1 358	1 358
Bill of exchange agreement	Subsidy agreement POIR.01.02.00-00-0120/16	PLN	1 204	1 204
Pekao Leasing Sp. z o.o.				
Bill of exchange agreement	Lease contract 37/1991/21	PLN	240	314
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



Bank Polska Kasa Opieki Spółka Akcyjna

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

Bill of exchange agreement	Framework agreement on financial market transactions	PLN	26 600	26 600
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Note 27. Changes in the structure of the Group and Group companies during the reporting period

Parent Company

- 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 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 by 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.

- Signing of the plan of a merger between the Parent Company and its subsidiary – SPOKKO sp. z o.o.

On 20 April 2023, the Management Board of the Parent Company informed that a merger plan between the Company, as the surviving company, and its single-shareholder subsidiary SPOKKO sp. z o.o. was agreed upon and signed. The Merger Plan (including attachments thereto) has been made available, among other things, as an attachment to [current report no. 14/2023](#). Resolutions on the merger between the Parent Company and its subsidiary SPOKKO sp. z o.o. were passed by the General Meeting of the Parent Company and the General Meeting of SPOKKO sp. z o.o. on 6 June 2023. The merger will become effective on the date of its entry in the register.

CD PROJEKT Inc. (currently: CD PROJEKT RED Inc.)

On 31 May 2023, as a result of decisions taken by the Board of Directors of CD PROJEKT Inc. (currently: CD PROJEKT RED Inc.) and CD PROJEKT S.A. (its sole shareholder), the share capital of CD PROJEKT Inc. was increased by USD 720 thousand i.e. to USD 6 020 thousand. On the same date, CD PROJEKT RED Inc. concluded an agreement with The Molasses Flood LLC and one of its shareholders at that time whereby CD PROJEKT Inc. acquired 60 000 additional shares in The Molasses Flood LLC as a result of which it became the owner of 70.91% (i.e. 390 000) of its shares.

Note 28. Agreements that may result in future changes in the proportions of shares held by shareholders and bondholders

Incentive Plan for the years 2020-2025

Based on the resolutions of the Parent Company's General Meeting of 28 July 2020 and 22 September 2020, the incentive plan for 2020-2025 was revised. 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 plan. 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 plan have been met. The plan 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 plan objectives and criteria have been met.

For more information on the principles of the incentive plan for the years 2020-2025, see e.g. [Management Board Report on CD PROJEKT Group activities in 2021](#).

Based on the results achieved during the period of the functioning of the plan and the assumptions for the subsequent years of the plan, the Management Board assessed the possibility of achieving the performance targets set in the plan 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 discontinuation of the incentive plan for the financial years 2020-2025. However, due to the fact that entry into force of that resolution was conditional upon the General Meeting's adopting specific resolutions on the introduction of a new incentive plan, the resolution concerning discontinuation of the Plan for 2020-2025 became effective on 18 April 2023 and resulted in expiry of the Plan in its entirety.

During the reporting period, no new entitlements were granted as part of the Incentive Plan for the years 2020-2025. As at 18 April 2023, 2 113 000 entitlements granted remained in the Incentive Plan for the years 2020-2025. In accordance with the Regulations of the Incentive Plan for the years 2020-2025, in the case of expiry of the incentive plan, entitlements awarded as part of that plan also expire.

Incentive Plans for the years 2023-2027

Based on the resolutions of the General Meeting of the Parent Company of 18 April 2023, two new incentive plans for the financial years 2023-2027 were introduced on that date by resolutions of the Parent Company's General Meeting of 18 April 2023: the Incentive Plan A and Incentive Plan B, which replaced the Incentive Plan for the years 2020-2025.

Incentive Plan A

Incentive Plan A is addressed to persons who are not members of the Management Board of the Parent Company. The assumptions are that the entitlements in this plan 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 plan A. The entitlements shall 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 of rights from the subscription warrants or, as the case may be, purchasing the Parent Company's shares by the participant under Incentive Plan A shall be conditional upon meeting the loyalty criterion (understood as participants of Incentive Plan A remaining in a legal relationship with the Parent Company or its related entity during the vesting period). The price of taking up or acquiring the Company's shares as part of executing entitlements under Plan A shall correspond to the nominal value of the Parent Company's shares. The vesting period shall be 3 years.

By the date of publication of this report, 100 444 entitlements were awarded under Incentive Plan A, of which 97 261 remain active.

Assumptions adopted for the valuation of the Incentive Plan A for the years 2023–2027.

Date of vesting	CDR volatility ratio	Risk-free interest rate
Entitlements granted on 26.05.2023	44%	6.2%
Entitlements granted on 27.05.2023	44%	6.2%
Entitlements granted on 29.05.2023	44%	5.9%
Entitlements granted on 07.06.2023	44%	5.8%

Changes in entitlements granted under Incentive Plan A for the years 2023–2027

Specification	01.01.2023 – 30.06.2023
	Number of shares
Granted during the period	100 444
Forfeited during the period	3 183
Unrealized as at the end of the period	1 500 000
Granted unrealized as at the end of the period	97 261

Incentive Plan B

Incentive Plan 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 plan 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 the Incentive Plan B. The entitlements shall 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 under Incentive Plan B will be conditional upon the Parent Company determining that the performance condition (for 70% of the entitlements), the market condition (for 30% of the entitlements), and in selected cases the individual conditions and, in each case, the loyalty condition (understood as participants of Incentive Plan A remaining in a legal relationship with the Parent Company or its related entity during the vesting period) have been met. The base price of subscription for or purchase of the Company's shares as part of exercising the entitlements under Plan 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 plan. The plan 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).

By the date of publication of this report, 662 000 entitlements were awarded under Incentive Plan B, of which 662 000 remain active.

Assumptions adopted for the valuation of the Incentive Plan B for the years 2023–2027.

Date of vesting	CDR volatility ratio	WIG volatility ratio	WIG correlation ratio	Risk-free interest rate
Entitlements granted on 26.05.2023	44%	21%	43%	6.1%

Changes in entitlements granted under Incentive Plan B for the years 2023–2027

Specification	01.01.2023 – 30.06.2023
	Number of shares
Granted during the period	662 000
Unrealized as at the end of the period	3 500 000
Granted unrealized as at the end of the period	662 000

Note 29. 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 a general rule, tax settlements may be subject to inspections within 5 years from the end of the year in which tax was paid.

Following the fulfilment of the criteria set out in Article 19 of the Act of 30 May 2008 on certain forms of innovation support (consolidated text, Journal of Laws of 2022, item 2474), the Minister of Development and Technology, by decision No. DNP- V.4241.27.2023.2 of 23 August 2023, maintained the status of a research and development centre granted to the Parent Company by decision 4/CBR/18 of 19 June 2018. The status allows the Parent Company to use the research and development relief provided for in the Act of 15 February 1992 on corporate income tax (consolidated text, Journal of Laws of 2022, item 2587, as amended, hereinafter the "CIT Act").

Starting from the month following the submission of the CIT-8 tax return, the Parent Company is taking advantage of a relief in respect of an innovative employee. As part of the relief, it is possible to deduct the research and development relief which the Parent Company did not deduct from the tax base in the tax return for the previous tax year. As a result of using tax relief in respect of an innovative employee, the Parent Company is reducing tax advances remitted to the tax office in respect of personal income tax and flat-rate personal income tax for employees performing research and development work for the Parent Company. At the same time, the amount of the research and development relief reported and not deducted is being reduced (the reduction is the product of the personal income tax liability due and the personal income tax rate).

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 30. Explanations to the condensed consolidated statement of cash flows

	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
Cash and cash equivalents reported in the statement of cash flows	149 336	685 029
Cash and cash equivalents in the balance sheet	149 336	685 029
Depreciation and amortization	6 611	7 346
Amortization of intangible assets	1 144	1 080
Amortization of expenditure on development projects	258	622
Depreciation of property, plant and equipment	5 196	5 625
Depreciation of investment properties	13	19
Foreign exchange gains/(losses) arise on the following items:	18 842	(4 855)
Foreign exchange gains and losses on measurement of private equity interests in the gaming sector	246	-
Foreign exchange gains/(losses) on measurement of loans granted as at the balance sheet date	224	26
Foreign exchange gains/(losses) on measurement of leases	(172)	-
Foreign exchange gains/(losses) on measurement of bonds	18 544	(4 881)
Interest and shares in profits comprise:	(25 225)	(17 553)
Interest on bank deposits	(17 195)	(9 018)
Interest on bonds	(8 321)	(8 587)
Interest accrued on loans granted	(102)	(215)
Interest on lease contracts	393	267
(Gains)/losses on investing activities arise on the following items:	(43 042)	1 486
Proceeds from sale of property, plant and equipment	(25)	(14)
Net carrying amount of property, plant and equipment	1	5
Net carrying amount of non-current assets scrapped	133	199
Net carrying amount of scrapped intangible assets and expenditure on research and development work	2 746	283
Net carrying amount of investment properties scrapped	737	-
Reversal of impairment write-downs of property, plant and equipment, intangible assets and expenditure on development work	(21 531)	-
Settlement and measurement of derivative financial instruments	(22 998)	18 353
Measurement of private equity interests in the gaming sector	51	-
Disclosure of property, plant and equipment and intangible assets	(5)	-
Commission and fees on purchase of bonds	143	167
Proceeds from redemption of bonds	(36 711)	(157 700)
Value of bonds purchased	34 417	140 193
Change in provisions results from the following items:	(49 904)	(50 187)
Increase/(Decrease) in provisions for liabilities	(70 440)	(49 003)
Increase/(Decrease) in provision for costs of performance-related and other remuneration recognized under expenditure on development projects	20 536	(1 184)
Change in inventories results from the following items:	4 583	750
(Increase)/Decrease in inventories	4 583	750



	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
Change in receivables results from the following items:	78 922	72 643
(Increase)/Decrease in current receivables in the balance sheet	85 615	121 804
(Increase)/Decrease in non-current receivables in the balance sheet	14	(48)
(Increase)/Decrease in prepayments for investment properties	-	(79)
Income tax settled against withholding tax	14 909	29 548
Withholding tax paid abroad	(15 960)	(24 632)
Adjusted for current income tax	(4 041)	(27 205)
(Increase)/Decrease in prepayments for development projects	285	(26 786)
(Increase)/Decrease in prepayments for property, plant and equipment and intangible assets	(105)	41
(Increase)/Decrease in receivables in respect of the sale of property, plant and equipment and intangible assets	(1 795)	-
Change in current liabilities, excluding loans and borrowings, results from the following items:	(15 429)	7 523
Increase/(Decrease) in current liabilities in the balance sheet	(24 949)	90 418
Adjusted for current income tax	2 116	24 446
Increase/(Decrease) in other current financial liabilities	1 100	(3 922)
Increase/(Decrease) in liabilities resulting from purchase of property, plant and equipment	5 763	(2 722)
Increase/(Decrease) in liabilities resulting from purchase of intangible assets	541	32
Increase/(Decrease) in liabilities resulting from dividend from retained earnings	-	(100 739)
Increase/(Decrease) in liabilities resulting from purchase of investment properties	-	10
Change in other assets and liabilities results from the following items:	(8 112)	(34 673)
(Increase)/Decrease in prepayments and accruals in the balance sheet	(10 261)	(19 767)
Increase/(Decrease) in deferred income in the balance sheet	2 270	(14 786)
Adjusted for prepayments and deferred costs with the double entry in liabilities	(121)	(120)
“Other adjustment” comprise:	10 689	5 297
Costs of the incentive plan	10 141	2 318
Measurement of derivative financial instruments	(665)	63
Amortization and depreciation written off, reported under cost of sales, consortium settlements and other operating expenses	-	1 046
Amortization and depreciation reported under cost of sales and other operating expenses	1 544	1 664
Foreign exchange differences on translation	(231)	271
Other adjustments	(100)	(65)

Note 31. Cash flows and non-monetary changes resulting from changes in liabilities in financing activities

	01.01.2023	Cash flows	Non-monetary changes				30.06.2023
			Takeover of leased fixed assets	Foreign exchange differences	Interest accrued	Adoption of resolution on the payment of dividend	
Lease liabilities	20 967	(1 806)	925	(172)	393	-	20 307
Liabilities to shareholders in respect of payment of dividend	-	(99 911)	-	-	-	99 911	-
Total	20 967	(101 717)	925	(172)	393	99 911	20 307

	01.01.2022	Cash flows	Non-monetary changes				30.06.2022
			Takeover of leased fixed assets	Foreign exchange differences	Interest accrued	Adoption of resolution on the payment of dividend	
Lease liabilities	16 655	(2 141)	4 581	1	267	-	19 363
Liabilities to shareholders in respect of payment of dividend	-	-	-	-	-	100 739	100 739
Total	16 655	(2 141)	4 581	1	267	100 739	120 102

Note 32. Post-balance sheet date events

Events with no impact on the financial statements for the period from 1 January to 30 June 2023

On 10 July 2023, as a result of decisions taken by the Board of Directors of CD PROJEKT Inc. (currently: CD PROJEKT RED Inc.) and the Parent Company (as its sole shareholder), the company's name was changed from "CD PROJEKT Inc." to "CD PROJEKT RED Inc." and its principal place of business was moved to Boston (Waltham), Massachusetts.

On 26 July 2023, the Management Board of the Parent Company announced a decision to adjust the scale and structure of the Parent Company's team to its operating needs and project publishing plans executed under the strategy of the CD PROJEKT Group. As a result, workforce reduction will be carried out covering 9% of the personnel in the CD PROJEKT RED studio, including, among others production and publishing teams as well as back-office. The process is planned to end in the first quarter of 2024. The decision adopted is related to the ongoing transformation which involved, among other things, the CD PROJEKT RED studio implementing the Agile methodology, making production methods more efficient and optimizing work organization. The change in approach and an attempt to build more effective project teams is a continuation of the ongoing transformation processes which the Parent Company believes are of key importance to creating high quality games, published on time and developed without burdensome and excessive overtime work. The Parent Company informed that the estimated provisions for costs relating to termination of employment contracts (including costs of severance pay) amounted to approximately PLN 4.5 million. The amount will be charged to the net profit or loss of the CD PROJEKT Group in the third quarter of 2023.



CD PROJEKT

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

5

Interim condensed separate income statement

	Note	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022*
Sales revenue		243 490	290 969
Sales of products		236 593	283 752
Sales of services		470	1 137
Sales of goods for resale and materials		6 427	6 080
Cost of sales of products, services, goods for resale and materials		49 130	41 007
Costs of products and services sold		42 405	36 780
Cost of goods for resale and materials sold		6 725	4 227
Gross profit/(loss) on sales		194 360	249 962
Selling expenses		67 065	70 635
Administrative expenses		52 891	40 026
Other operating income		34 102	5 618
Other operating expenses		8 844	8 592
(Impairment)/reversal of impairment of financial instruments		4	(8)
Operating profit/(loss)		99 666	136 319
Finance income		53 726	36 350
Finance costs		28 482	21 374
Profit/(loss) before tax		124 910	151 295
Income tax	A	29 382	39 435
Net profit/(loss)		95 528	111 860
Net earnings/(loss) per share (in PLN)			
Basic for the reporting period		0.95	1.11
Diluted for the reporting period		0.95	1.11

* restated data

Interim condensed separate statement of comprehensive income

	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
Net profit/(loss)	95 528	111 860
Other comprehensive income subject to reclassification to gains or losses after specific conditions have been met	337	(7 991)
Measurement of derivative financial instruments – fair value through other comprehensive income, taking into account the tax effect	337	(7 991)
Other comprehensive income not subject to reclassification to gains or losses	-	-
Total comprehensive income	95 865	103 869

Interim condensed separate statement of financial position

	Note	30.06.2023	31.12.2022
NON-CURRENT ASSETS		1 261 942	1 094 596
Property, plant and equipment		159 479	143 439
Intangible assets		70 414	70 324
Expenditure on development projects		594 134	471 537
Investment properties		37 429	42 560
Goodwill	C	49 168	49 168
Investments in subordinated entities		57 910	53 566
Prepayments and deferred costs		6 100	5 314
Other financial assets	G	242 203	207 437
Deferred tax assets	A	44 737	50 868
Other receivables	F,G	368	383
CURRENT ASSETS		838 024	1 089 378
Inventories		8 118	9 886
Trade receivables	F,G	83 188	164 708
Current income tax receivable		10 716	-
Other receivables	F	40 376	54 677
Prepayments and deferred costs		9 362	6 189
Other financial assets	G	249 576	279 515
Bank deposits over 3 months	G	317 125	337 330
Cash and cash equivalents	G	119 563	237 073
TOTAL ASSETS		2 099 966	2 183 974



	Note	30.06.2023	31.12.2022
EQUITY		2 006 408	2 001 765
Share capital	11,22*	99 911	100 771
Supplementary capital		1 681 466	1 539 437
Share premium		116 700	116 700
Treasury shares		-	(99 993)
Other reserves		14 504	3 777
Retained earnings (Accumulated losses)		(1 701)	-
Net profit (loss) for the period		95 528	341 073
NON-CURRENT LIABILITIES		29 968	36 106
Other financial liabilities	G	18 206	18 883
Other liabilities		2 500	2 620
Deferred income		2 753	3 666
Provision for retirement and similar benefits		339	339
Other provisions	B	6 170	10 598
CURRENT LIABILITIES		63 590	146 103
Other financial liabilities	G	2 085	1 788
Trade payables	G	18 945	39 587
Current income tax liabilities		-	2 116
Other liabilities		5 452	4 350
Deferred income		18 479	15 032
Provision for retirement and similar benefits		9	9
Other provisions	B	18 620	83 221
TOTAL LIABILITIES AND EQUITY		2 099 966	2 183 974

* Detailed information on changes in items are presented in relevant notes to 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 – 30.06.2023								
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 plan	-	-	-	-	10 390	-	-	10 390
Retained earnings / (Accumulated losses) of the acquired entity	-	-	-	-	-	(1 701)	-	(1 701)
Appropriation of the net profit/offset of loss	-	241 162	-	-	-	(241 162)	-	-
Payment of dividend	-	-	-	-	-	(99 911)	-	(99 911)
Redemption of Treasury shares	(860)	(99 133)	-	99 993	-	-	-	-
Total comprehensive income	-	-	-	-	337	-	95 528	95 865
Equity as at 30.06.2023	99 911	1 681 466	116 700	-	14 504	(1 701)	95 528	2 006 408

	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 – 30.06.2022								
Equity as at 01.01.2022	100 739	1 366 952	115 909	-	49 515	235 934	-	1 869 049
Costs of the incentive plan	-	-	-	-	2 318	-	-	2 318
Appropriation of the net profit/offset of loss	-	135 195	-	-	-	(135 195)	-	-
Payment of dividend	-	-	-	-	-	(100 739)	-	(100 739)
Total comprehensive income	-	-	-	-	(7 991)	-	111 860	103 869
Equity as at 30.06.2022	100 739	1 502 147	115 909	-	43 842	-	111 860	1 874 497



Interim condensed separate statement of cash flows

	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
OPERATING ACTIVITIES		
Net profit/(loss)	95 528	111 860
Total adjustments:	25 688	36 941
Depreciation and amortization of property, plant and equipment, intangible assets, expenditure on development projects and investment properties	5 774	5 501
Amortization of development projects recognized as cost of goods sold	43 217	36 138
Foreign exchange (gains)/losses	18 842	(4 859)
Interest and participation in profits	(25 077)	(16 966)
(Gains)/losses on investing activities	(45 962)	3 883
Increase/(Decrease) in provisions	(48 493)	(49 728)
(Increase)/Decrease in inventories	1 768	2 792
(Increase)/Decrease in receivables	80 058	73 045
Increase/(Decrease) in liabilities, excluding loans and borrowings	(14 588)	(1 323)
Change in other assets and liabilities	(1 545)	(16 581)
Other adjustments	11 694	5 039
Cash from operating activities	121 216	148 801
Income tax expense	13 422	14 803
Withholding tax paid abroad	15 960	24 632
Income tax (paid)/refunded	(20 123)	(34 188)
Net cash from operating activities	130 475	154 048



	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
INVESTING ACTIVITIES		
Inflows	420 246	462 168
Sale of intangible assets and property, plant and equipment	22	6
Repayment of loans granted	-	12 934
Expiry of bank deposits over 3 months	329 970	265 000
Redemption of bonds	56 411	173 090
Interest on bonds	6 479	2 102
Interest received on deposits	17 048	8 397
Inflows from execution of forward contracts	10 273	-
Other inflows from investing activities	43	639
Outflows	566 793	332 815
Acquisition of intangible assets and property, plant and equipment	28 284	25 165
Expenditure on development projects	161 585	89 710
Expenditure on intangible assets	380	-
Acquisition of investment properties and capitalization of expenditure	98	145
Loans granted	4 215	4 000
Purchase of shares in a subsidiary	440	-
Contribution to the capital of a subsidiary	3 053	29 912
Purchase of bonds and cost of their purchase	58 973	168 120
Placement of bank deposits over 3 months	309 765	-
Outflows from execution of forward contracts	-	15 763
Net cash from investing activities	(146 547)	129 353
FINANCING ACTIVITIES		
Inflows	29	20
Payment of finance lease liabilities	28	20
Interest paid	1	-
Outflows	101 467	1 646
Dividends and other distributions to shareholders	99 911	-
Payment of lease liabilities	1 162	1 402
Interest paid	394	244
Net cash from financing activities	(101 438)	(1 626)
Net increase/(decrease) in cash and cash equivalents	(117 510)	281 775
Change in cash and cash equivalents in the balance sheet	(117 510)	281 775
Cash and cash equivalents as at the beginning of the period	237 073	345 795
Cash and cash equivalents as at the end of the period	119 563	627 570

Explanations to the condensed separate statement of cash flows

	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
“Other adjustment” comprise:	11 694	5 039
Costs of the incentive plan	9 539	2 149
Amortization and depreciation written off, reported under cost of sales, consortium settlements and other operating expenses	-	1 046
Amortization and depreciation reported under cost of sales and other operating expenses	1 501	1 844
Accounting for shares in the acquired entity	2 900	-
Retained earnings/(Accumulated losses) of the acquired entity	(1 701)	-
Net amount of property, plant and equipment and intangible assets of the acquired entity	(545)	-

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 accounting policies and presentation changes described below. These interim 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 30 June 2023.

Presentation changes

In these interim condensed separate financial statements for the period from 1 January to 30 June 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 of the data for the period from 1 January to 30 June 2022 was changed. The data is presented after the following change:

- In the income statement for the period from 1 January 2022 to 30 June 2022, presentation of the provisions for the variable component of the performance-related remuneration of the Management Board Members was changed. Consequently, the following items changed:
 - Selling expenses – a decrease of PLN 10,708 thousand
 - Administrative expenses – an increase of PLN 10,708 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	30.06.2023
Provision for other employee benefits	348	-	348
Provision for costs of performance-related and other remuneration	48 719	(39 466)	9 253
Foreign exchange losses	7 118	17 492	24 610
Difference between the carrying and tax amount of expenditure on development projects	34 848	(16 762)	18 086
Salaries and wages and social security payable in future periods	47	25	72
Other provisions	33 282	(4 864)	28 418
Tax value of leased non-current assets	20 671	(265)	20 406
Research and development relief	317 927	(40 623)	277 304
Prepayments recognized as revenue for tax purposes	7 523	(4 552)	2 971
Total deductible differences, including:	470 483	(89 015)	381 468
taxed at 5%	71 651	(399)	71 252
taxed at 19%	398 832	(88 616)	310 216
Deferred income tax asset	79 361	(16 857)	62 504

* restated data

Taxable temporary differences underlying the deferred tax provision

	31.12.2022*	Differences affecting the deferred tax recognized in the profit or loss	30.06.2023
Difference between the net carrying amount and tax amount of property, plant and equipment and intangible assets	16 358	2 019	18 377
Current period revenue invoiced in the subsequent period/accrued income	132 887	(69 392)	63 495
Foreign exchange gains	8 417	(8 305)	112
Difference between the carrying and tax amount of expenditure on development projects	253 594	(42 205)	211 389
Book value of leased non-current assets	20 849	(426)	20 423
Other	7	60	67
Total taxable differences, including:	432 112	(118 249)	313 863
taxed at 5%	382 910	(83 862)	299 048
taxed at 19%	49 202	(34 387)	14 815
Deferred tax provision	28 493	(10 726)	17 767

* 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 tax base will give rise to the realization of the temporary differences recognized.

Net deferred tax asset/provision

	30.06.2023	31.12.2022*
Deferred tax asset	62 504	79 361
Deferred tax provision	17 767	28 493

* restated data

Income tax expense recognized in the income statement

	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
Current income tax, including:	23 251	32 788
withholding tax paid abroad	15 960	24 632
Change in deferred tax	6 131	6 647
Income tax expense recognized in the income statement	29 382	39 435

B. Other provisions

	30.06.2023	31.12.2022
Provision for liabilities, including:	24 790	93 819
provision for costs of the audit and review of the financial statements	73	137
provision for costs of performance-related and other remuneration	9 254	67 121
provision for other costs	15 463	26 561
Total, including:	24 790	93 819
current	18 620	83 221
non-current	6 170	10 598

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	9 254	36 178	45 432
Provisions utilized/released	67 121	47 340	114 461
As at 30.06.2023, including:	9 254	15 536	24 790
current	9 254	9 366	18 620
non-current	-	6 170	6 170



C. Goodwill

During the period from 1 January to 30 June 2023 there were no changes in goodwill.

D. Business combinations

Business combinations of jointly controlled entities are not covered directly in the International Financial Reporting Standards, therefore when accounting for such transactions, the Company uses a method consistent with the pooling of interests method, which assumes that:

- assets and liabilities of combining entities are measured at carrying amounts derived from the Company's consolidated financial statements. This means that goodwill previously recognized in the consolidated financial statements and all other intangible assets recognized as part of accounting for the combination are moved to separate financial statements;
- transaction costs relating to the business combination are recognized in the income statement (finance costs);
- mutual balances of receivables/payables are eliminated;
- any difference between the amount paid or transferred and net assets acquired (at amounts derived from consolidated financial statements) is reflected in the equity of the acquiring company (the amount embedded in equity is not a component of supplementary capital, and therefore is not subject to distribution);
- the income statement presents the results of the combined entities from the moment when the combination occurred, while the data for prior periods of the year in which the combination took place are recognized in equity as retained earnings, and the data for the year preceding the business combination are not restated.

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 by 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 aimed at simplifying the Group's structure in connection with plans to continue the existing operations of the acquired company in cooperation with a specialized third party. The Parent Company informed of the registration of the merger in its [current report no. 7/2023](#).

Income statement for the period from 01.01.2023 to 28.02.2023

	CD PROJEKT S.A.	CD PROJEKT RED STORE sp. z o.o.	Business combination adjustment	CD PROJEKT S.A. after combination
Sales revenue	55 765	1 458	(11)	57 212
Sales of products	52 454	-	-	52 454
Sales of services	-	108	(11)	97
Sales of goods for resale and materials	3 311	1 350	-	4 661
Cost of sales of products, services, goods for resale and materials	17 516	1 006	-	18 522
Costs of products and services sold	14 658	93	-	14 751
Cost of goods for resale and materials sold	2 858	913	-	3 771
Gross profit/(loss) on sales	38 249	452	(11)	38 690
Selling expenses	19 914	127	(3)	20 038
Administrative expenses	10 854	208	(26)	11 036
Other operating income	8 446	98	(40)	8 504
Other operating expenses	8 621	508	(21)	9 108
Operating profit/(loss)	7 306	(293)	(1)	7 012
Finance income	13 688	5	-	13 693
Finance costs	8 176	3	(1)	8 178
Profit/(loss) before tax	12 818	(291)	-	12 527
Income tax	(1 446)	-	-	(1 446)
Net profit/(loss)	14 264	(291)	-	13 973

Statement of financial position as at 28 February 2023

	CD PROJEKT S.A.	CD PROJEKT RED STORE sp. z o.o.	Business combination adjustment	CD PROJEKT S.A. after combination
NON-CURRENT ASSETS	1 145 098	545	(3 040)	1 142 603
Property, plant and equipment	153 785	149	(140)	153 794
Intangible assets	70 580	396	-	70 976
Expenditure on development projects	505 453	-	-	505 453
Investment properties	42 345	-	-	42 345
Goodwill	49 167	-	-	49 167
Investments in subsidiaries	51 152	-	(2 900)	48 252
Prepayments and deferred costs	2 620	-	-	2 620
Other financial assets	211 045	-	-	211 045
Deferred tax assets	58 580	-	-	58 580
Other receivables	371	-	-	371
CURRENT ASSETS	1 303 979	814	(25)	1 304 768
Inventories	10 242	259	-	10 501
Trade receivables	49 436	306	(25)	49 717
Current income tax receivable	3 071	-	-	3 071
Other receivables	66 812	225	-	67 037
Prepayments and deferred costs	11 655	19	-	11 674
Other financial assets	534 491	-	-	534 491
Bank deposits over 3 months	442 023	-	-	442 023
Cash and cash equivalents	186 249	5	-	186 254
TOTAL ASSETS	2 449 077	1 359	(3 065)	2 447 371

	CD PROJEKT S.A.	CD PROJEKT RED STORE sp. z o.o.	Business combination adjustment	CD PROJEKT S.A. after combination
EQUITY	2 014 138	908	(2 896)	2 012 150
Equity of the shareholders of CD PROJEKT S.A.	2 014 138	908	(2 896)	2 012 150
Share capital	100 771	29	(29)	100 771
Supplementary capital	1 639 437	2 764	(2 764)	1 639 437
Share premium	116 700	-	-	116 700
Treasury shares	(99 993)	-	-	(99 993)
Other reserves	3 587	-	-	3 587
Retained earnings (Accumulated losses)	239 372	(1 594)	(103)	237 675
Net profit (loss) for the period	14 264	(291)	-	13 973
Non-controlling interests	-	-	-	-
NON-CURRENT LIABILITIES	26 385	59	(59)	26 385
Other financial liabilities	19 221	59	(59)	19 221
Other liabilities	5 498	-	-	5 498
Deferred income	1 327	-	-	1 327
Provision for retirement and similar benefits	339	-	-	339
CURRENT LIABILITIES	408 554	392	(110)	408 836
Other financial liabilities	263 506	85	(85)	263 506
Trade payables	31 961	178	(25)	32 114
Other liabilities	2 620	-	-	2 620
Deferred income	16 121	1	-	16 122
Provision for retirement and similar benefits	9	-	-	9
Other provisions	94 337	128	-	94 465
TOTAL LIABILITIES AND EQUITY	2 449 077	1 359	(3 065)	2 447 371

No other business combinations of the Group entities took place in the reporting period.

E. Dividend paid (or declared) and received

On 6 June 2023, the Ordinary General Meeting of the Company decided to set aside a part of the Company's net profit for 2022 for distribution to shareholders as dividend. In accordance with the adopted resolution, on 20 June 2023, the Company paid out the total amount of PLN 99 910 510, i.e. 1 PLN per share participating in the dividend. The number of shares of the Company giving the right to dividend was PLN 99 910 510, i.e. the total number of the Company's shares less the Company's own shares held then (i.e. 860 290 shares).

F. Trade and other receivables

	30.06.2023	31.12.2022
Trade and other receivables, gross	124 746	220 586
Write-downs	814	818
Trade and other receivables	123 932	219 768
from related entities	4 978	5 535
from other entities	118 954	214 233

Change in write-downs of receivables

	Trade receivables	Other receivables	Total
OTHER ENTITIES			
Write-downs as at 01.01.2023	86	732	818
Increases, including:	2	-	2
write-downs recognized for past-due and disputed receivables	2	-	2
Decreases, including:	6	-	6
release of write-downs	6	-	6
Write-downs as at 30.06.2023	82	732	814

Current and overdue trade receivables as at 30.06.2023

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
RELATED ENTITIES							
gross receivables	4 978	4 978	-	-	-	-	-
default ratio		0%	0%	0%	0%	0%	0%
write-down resulting from the ratio	-	-	-	-	-	-	-
write-down determined individually	-	-	-	-	-	-	-
total expected credit losses	-	-	-	-	-	-	-
Net receivables	4 978	4 978	-	-	-	-	-

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	78 292	76 830	1 374	3	3	2	80
default ratio		0%	0%	0%	0%	0%	0%
write-down resulting from the ratio	-	-	-	-	-	-	-
write-down determined individually	82	-	-	-	-	2	80
total expected credit losses	82	-	-	-	-	2	80
Net receivables	78 210	76 830	1 374	3	3	-	-

Total							
gross receivables	83 270	81 808	1 374	3	3	2	80
impairment write-downs	82	-	-	-	-	2	80
Net receivables	83 188	81 808	1 374	3	3	-	-

Other receivables

	30.06.2023	31.12.2022
Other gross receivables, including:	41 476	55 792
tax receivables, other than corporate income tax	24 451	41 766
prepayments for inventories	14 041	6 826
prepayments for development projects	1 718	1 433
security deposits	432	687
settlements with employees	40	-
prepayments for property, plant and equipment and intangible assets	30	135
settlements with suppliers of property, plant and equipment items	-	4 160
settlements with payment operators	-	7
settlements with members of the Management Boards	-	2
other	764	776
Write-downs	732	732
Other receivables, including:	40 744	55 060
current	40 376	54 677
non-current	368	383

G. Information on financial instruments

Fair values and hierarchy of specific classes of financial instruments

The Management Boards of the Company analysed specific classes of financial instruments. Based on the analysis, it was concluded that the carrying amounts of the instruments does not materially differ from their fair values, as at both 30 June 2023 and 31 December 2022.

	30.06.2023	31.12.2022
LEVEL 1		
Assets measured at fair value		
Assets measured at fair value through other comprehensive income	220 483	243 091
bonds issued by foreign governments - EUR	15 609	25 111
bonds issued by foreign governments - USD	204 874	217 980
LEVEL 2		
Liabilities measured at fair value through profit or loss		
Derivatives	20 534	7 809
currency forwards - EUR	973	1 249
currency forwards - USD	19 561	6 560
Private equity interests in the gaming sector	2 260	2 556
private equity interests in the gaming sector - SEK	919	1 085
Private equity interests in the gaming sector - USD	1 341	1 471

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

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

Level 2 - fair value based in observable market data.

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

Financial assets – classification and measurement

	30.06.2023	31.12.2022
Financial assets measured at amortized cost	768 746	972 990
Other non-current receivables	368	383
Trade receivables	83 188	164 708
Cash and cash equivalents	119 563	237 073
Bank deposits over 3 months	317 125	337 330
Treasury bonds and bonds guaranteed by the State Treasury	243 713	232 757
Loans granted	4 789	739
Financial assets measured at cost	57 910	53 566
Investments in subordinated entities	57 910	53 566
Assets measured at fair value through other comprehensive income	220 483	243 091
Bonds issued by foreign governments	220 483	243 091
Financial assets measured at fair value through profit or loss:	22 794	10 365
Derivative financial instruments	20 534	7 809
Private equity interests in the gaming sector	2 260	2 556
Total financial assets	1 069 933	1 280 012

Financial liabilities – classification and measurement

	30.06.2023	31.12.2022
Financial liabilities measured at amortized cost	39 236	60 258
Trade payables	18 945	39 587
Other financial liabilities	20 291	20 671
Total financial liabilities	39 236	60 258

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.

In accordance with the requirements of *IFRS 13 Fair Value Measurement*, the Company analysed the valuation of the financial instruments measured at amortized cost in the separate statement of financial position in order to determine their fair values and their classification on the fair value hierarchy.

Listed debt securities were classified to Level 1. They include State Treasury bonds and bonds guaranteed by the State Treasury whose fair value was determined on the basis of a market valuation provided by the brokerage office as part of the applicable agreement for the provision of brokerage services.

	30.06.2023	31.12.2022
LEVEL 1		
Fair value of assets measured at amortized cost	236 096	219 713
Treasury bonds and bonds guaranteed by the State Treasury	236 096	219 713

Other items of financial assets and financial liabilities measured at amortized cost were classified to Level 3.

With regard to equity interests in other entities, the Company estimates the fair values of the shares held using the method which consists in forecasting future cash flows generated by a relevant cash generating unit and requires determining a discount rate to be used to calculate the present value of these cash flows. In justified cases, the Company assumes historical cost as an acceptable approximation of the fair value.

The Company did not determine the fair values of receivables, trade payables, cash and cash equivalents, bank deposits over 3 months and loans granted with variable interest, because their carrying amounts are considered by the Company to be a reasonable approximation of their fair values.

There were no movements between levels in the fair value hierarchy in the reporting period and in the comparative period.

H. Transactions with related entities

	Sales to related entities		Purchases from related entities		Receivables from related entities		Liabilities to related entities	
	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022	30.06.2023	31.12.2022	30.06.2023	31.12.2022
SUBSIDIARIES								
GOG sp. z o.o.	4 017	6 455	379	1 502	4 394	2 798	4	2 610
CD PROJEKT Inc.	187	170	7 890	8 224	2 909	43	1 249	1 185
Spokko sp. z o.o.	226	737	1 140	-	2	156	246	-
CD PROJEKT RED STORE sp. z o.o.	-	735	-	69	-	839	-	19
CD PROJEKT RED Vancouver Studio Ltd.	23	29	10 104	7 781	563	1 694	1 730	2 746
The Molasses Flood LLC	1	-	25 690	10 311	4 789	742	2 855	2 579
THE PARENT COMPANY'S MANAGEMENT BOARD AND MEMBERS OF THE SUPERVISORY BOARD								
Marcin Iwiński	-	1	-	-	-	-	-	7
Adam Kiciński	-	-	-	-	-	-	-	13
Piotr Nielubowicz	-	-	-	-	-	2	-	13
Michał Nowakowski	-	1	-	-	-	-	-	4
Adam Badowski	1	6	-	-	-	-	1	6
Piotr Karwowski	-	-	-	-	-	-	-	2
Paweł Zawodny	6	7	-	-	-	-	-	-
Jeremiah Cohn	-	1	-	-	-	-	-	-

Statement of the Management Board of the Parent Company

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

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

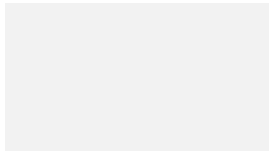
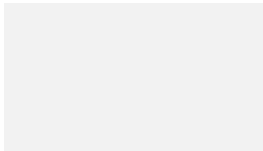
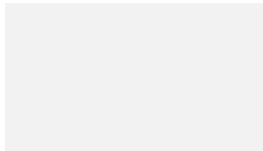
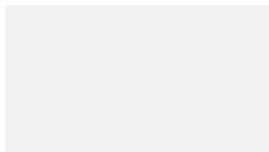
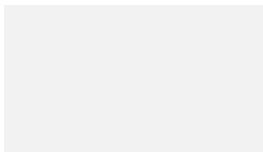
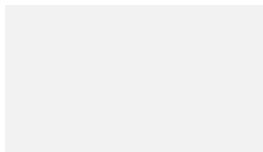
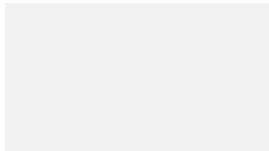
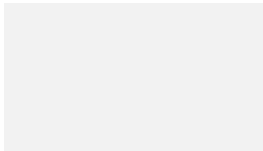
On the entity authorized to review the fairness of preparation of interim condensed consolidated financial statements

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

Approval of the financial statement

This semi-annual report has been signed and approved for publication by the Management Board of CD PROJEKT S.A. on 30 August 2023.

Warsaw, 30 August 2023

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



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