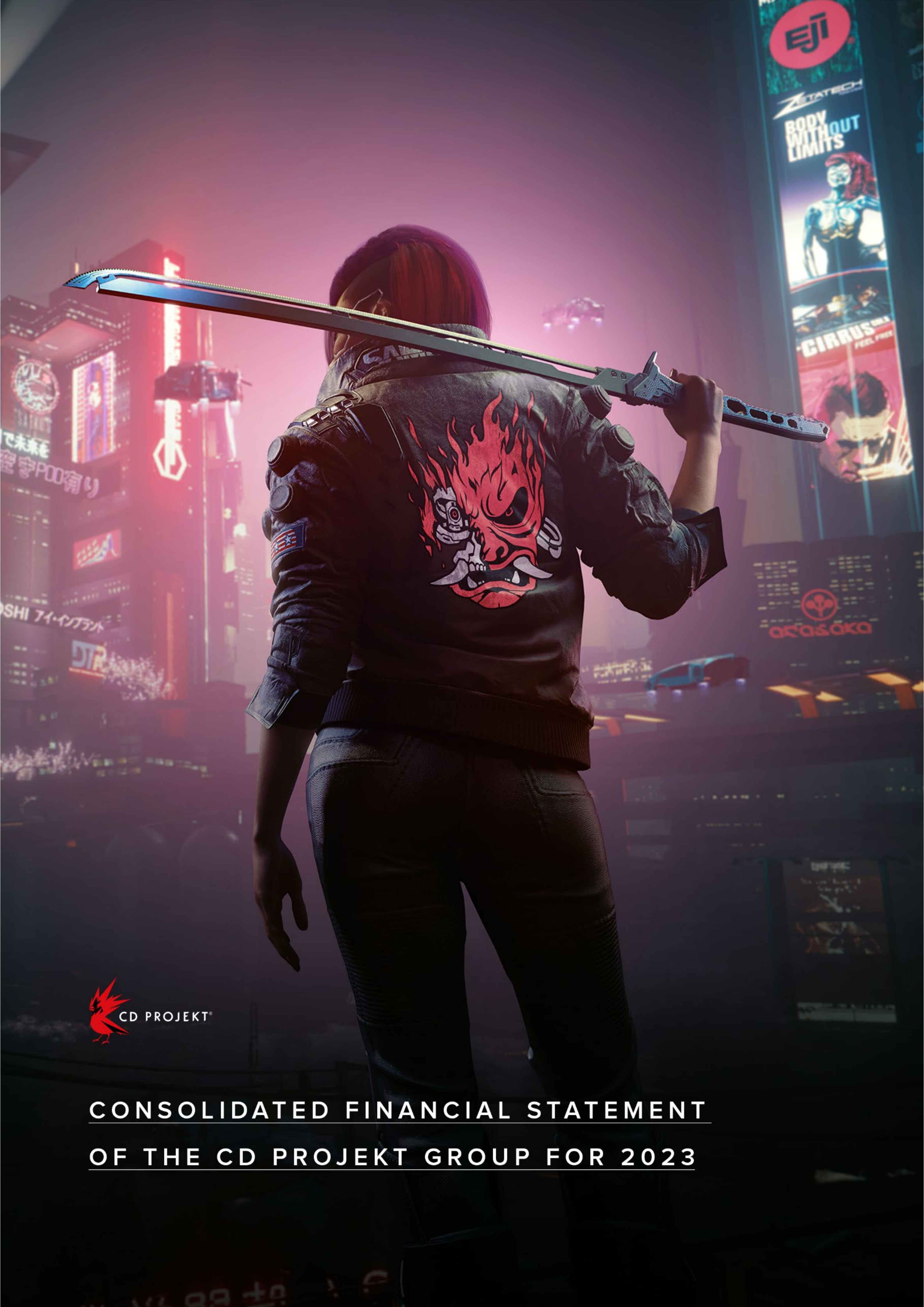

CD PROJEKT®

CONSOLIDATED FINANCIAL STATEMENT OF THE CD PROJEKT GROUP FOR 2023

Disclaimer

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

CD PROJEKT Group - Selected financial data translated into EUR

	PLN		EUR	
	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022*	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022*
Net sales of products, services, goods for resale and materials	1 230 199	952 576	271 663	203 182
Cost of sales of products, services, goods for resale and materials	380 567	243 974	84 040	52 039
Operating profit/(loss)	469 040	376 687	103 577	80 346
Profit/(loss) before tax	538 492	392 525	118 914	83 725
Net profit/(loss) attributable to owners of CD PROJEKT S.A.	481 105	346 491	106 242	73 906
Net cash from operating activities	610 881	406 031	134 900	86 606
Net cash from investing activities	(607 345)	(335 607)	(134 119)	(71 584)
Net cash from financing activities	(103 309)	(204 183)	(22 814)	(43 552)
Net increase/(decrease) in cash and cash equivalents	(99 773)	(133 759)	(22 033)	(28 530)
Number of shares (in thousands)	100 269	100 741	100 269	100 741
Net earnings/(loss) per share (in PLN)	4.80	3.44	1.06	0.73
Diluted earnings/(loss) per share (in PLN/EUR)	4.80	3.44	1.06	0.73
Book value per share (in PLN/EUR)	23.97	20,17	5.51	4.30
Diluted book value per share (in PLN/EUR)	23.97	20,17	5.51	4.30
Dividend declared or paid per share (in PLN/EUR)	1.00	1.00	0.22	0.21

** restated data*

	PLN		EUR	
	31.12.2023	31.12.2022*	31.12.2023	31.12.2022*
Total assets	2 613 438	2 276 331	601 067	485 369
Liabilities and provisions for liabilities (excluding accruals)	194 463	218 771	44 725	46 647
Non-current liabilities	38 774	36 186	8 918	7 716
Current liabilities	171 174	208 679	39 368	44 495
Equity	2 403 490	2 031 466	552 781	433 158
Share capital	99 911	100 771	22 979	21 487

** restated data*

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

- Items of the consolidated income statement and the consolidated statement of cash flows 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 31 December 2023: 4.5284 PLN/EUR and from 1 January to 31 December 2022: 4.6883 PLN/EUR.

- Items of assets, equity and liabilities in the consolidated statement of financial position were translated at exchange rates announced by the National Bank of Poland for the euro, applicable as at the last day of the reporting period. These rates were, respectively, as follows: 4.348 PLN/EUR as at 31 December 2023 and 4.6899 PLN/EUR as at 31 December 2022.

Reference to published estimates

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

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Key financial data of the CD PROJEKT Group

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Consolidated income statement

	Note	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022*
Sales revenue		**1 230 199**	**952 576**
Sales of products	1	1 041 784	767 499
Sales of services	1	1 662	1 960
Sales of goods for resale and materials	1	186 753	183 117
Cost of sales of products, services, goods for resale and materials		**380 567**	**243 974**
Costs of products and services sold	2	239 760	111 562
Cost of goods for resale and materials sold	2	140 807	132 412
Gross profit/(loss) on sales		**849 632**	**708 602**
Selling expenses	2	243 796	189 551
Administrative expenses	2	166 507	108 995
Other operating income	1,3	54 040	19 443
Other operating expenses	3	24 336	52 805
(Impairment)/reversal of impairment of financial instruments		7	(7)
Operating profit/(loss)		**469 040**	**376 687**
Finance income	1,4	118 645	71 501
Finance costs	4	49 193	55 663
Profit/(loss) before tax		**538 492**	**392 525**
Income tax	5	57 387	46 034
Net profit/(loss)		**481 105**	**346 491**
Net profit/(loss) attributable to owners of CD PROJEKT S.A.		481 105	346 491
Net earnings/(loss) per share (in PLN)			
Basic for the reporting period	7	4.80	3.44
Diluted for the reporting period	7	4.80	3.44

** restated data*

Consolidated statement of comprehensive income

	Note	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022*
Net profit/(loss)		**481 105**	**346 491**
Other comprehensive income subject to reclassification to gains or losses after specific conditions have been met	9	**1 032**	**(12 411)**
Exchange differences on measurement of foreign operations		(3 106)	313
Measurement of derivative financial instruments - fair value through other comprehensive income, taking into account the tax effect		4 138	(12 724)
Other comprehensive income not subject to reclassification to gains or losses	9	-	-
Total comprehensive income		**482 137**	**334 080**
Total comprehensive income attributable to non-controlling interests		-	-
Total comprehensive income attributable to owners of CD PROJEKT S.A.		**482 137**	**334 080**

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

Consolidated statement of financial position

	Note	31.12.2023	31.12.2022*
NON-CURRENT ASSETS		**1 450 623**	**1 122 185**
Property, plant and equipment	10	183 038	145 252
Intangible assets	11	70 058	69 157
Expenditure on development projects	11	527 182	475 169
Investment properties	13	34 245	42 560
Goodwill	11,12	56 438	56 438
Shares in non-consolidated subordinated entities	14,37	38 095	41 607
Prepayments and deferred costs	19	41 906	31 074
Other financial assets	15,37	455 907	207 437
Deferred tax assets	5	43 371	53 102
Other receivables	18,37	383	389
CURRENT ASSETS		**1 162 815**	**1 154 146**
Inventories	16	3 576	12 701
Trade receivables	17,37	193 520	165 290
Current income tax receivable		1 128	1 458
Other receivables	18	57 741	57 139
Prepayments and deferred costs	19	27 872	22 886
Other financial assets	15,37	362 719	279 515
Bank deposits over 3 months	37	338 205	337 330
Cash and cash equivalents	20,37	178 054	277 827
TOTAL ASSETS		**2 613 438**	**2 276 331**

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

	Note	31.12.2023	31.12.2022*
EQUITY		**2 403 490**	**2 031 466**
Equity of the shareholders of CD PROJEKT S.A.		**2 403 490**	**2 031 466**
Share capital	21	99 911	100 771
Supplementary capital	23	1 714 604	1 567 325
Share premium	23	116 700	116 700
Treasury shares	23	-	(99 993)
Other reserves	23	23 169	2 255
Foreign exchange differences on translation		(1 202)	1 904
Retained earnings / (Accumulated losses)	24	(30 797)	(3 987)
Net profit (loss) for the period		481 105	346 491
Non-controlling interests	25	**-**	**-**
NON-CURRENT LIABILITIES		**38 774**	**36 186**
Other financial liabilities	27,33,37	20 038	18 883
Other liabilities	28	2 494	2 620
Deferred tax provision	5	-	50
Deferred income	34	2 315	3 669
Provision for retirement and similar benefits	35	518	366
Other provisions	36	13 409	10 598
CURRENT LIABILITIES		**171 174**	**208 679**
Other financial liabilities	27,33,37	6 884	9 578
Trade payables	29,37	58 835	72 119
Current income tax liabilities		462	2 116
Other liabilities	30	15 201	10 244
Deferred income	34	13 170	22 425
Provision for retirement and similar benefits	35	6 414	4 155
Other provisions	36	70 208	88 042
TOTAL EQUITY AND LIABILITIES		**2 613 438**	**2 276 331**

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

Statement of changes in consolidated equity

	Share capital	Supple-mentary capital	Share premium	Treasury shares	Other reserves	Foreign exchange differences on translation	Retained earnings	Net profit (loss) for the period	Equity of the shareholders of CD PROJEKT S.A.	Non-controlling interests	Total equity
01.01.2023 – 31.12.2023											
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**
Corrections of errors	-	-	-	-	-	-	(1 938)	-	(1 938)	-	(1 938)
Equity, as adjusted	**100 771**	**1 567 325**	**116 700**	**(99 993)**	**2 255**	**1 904**	**342 504**	**-**	**2 031 466**	**-**	**2 031 466**
Costs of the incentive plan	-	-	-	-	16 776	-	-	-	16 776	-	16 776
Redemption of treasury shares	(860)	(99 133)	-	99 993	-	-	-	-	-	-	-
Retained earnings/ (Accumulated losses) of the acquired entity	-	-	-	-	-	-	(26 978)	-	(26 978)	-	(26 978)
Payment of dividend	-	-	-	-	-	-	(99 911)	-	(99 911)	-	(99 911)
Appropriation of the net profit/offset of loss	-	246 412	-	-	-	-	(246 412)	-	-	-	-
Total comprehensive income	-	-	-	-	4 138	(3 106)	-	481 105	482 137	-	482 137
Equity as at 31.12.2023	**99 911**	**1 714 604**	**116 700**	**-**	**23 169**	**(1 202)**	**(30 797)**	**481 105**	**2 403 490**	**-**	**2 403 490**

(all amounts in PLN thousand, unless stated otherwise)

	Share capital	Supple-mentary capital	Share premium	Treasury shares	Other reserves	Foreign exchange differences on translation	Retained earnings	Net profit (loss) for the period	Equity of the shareholders of CD PROJEKT S.A.	Non-controlling interests	Total equity
01.01.2022 – 31.12.2022*											
Equity as at 01/01/2022	**100 739**	**1 425 647**	**115 909**	**-**	**47 994**	**1 591**	**202 476**	**-**	**1 894 356**	**-**	**1 894 356**
Corrections of errors	-	-	-	-	-	-	(1 336)	-	(1 336)	-	(1 336)
Equity, as adjusted	**100 739**	**1 425 647**	**115 909**	**-**	**47 994**	**1 591**	**201 140**	**-**	**1 893 020**	**-**	**1 893 020**
Costs of the incentive plan	-	-	-	-	4 274	-	-	-	4 274	-	4 274
Share-based payments	32	1 549	791	-	(1 548)	-	-	-	824	-	824
Purchase of treasury shares for redemption	-	-	-	(99 993)	-	-	-	-	(99 993)	-	(99 993)
Release of reserve capital from previous years created for the purpose of purchasing treasury shares	-	35 741	-	-	(35 741)	-	-	-	-	-	-
Payment of dividend	-	-	-	-	-	-	(100 739)	-	(100 739)	-	(100 739)
Appropriation of the net profit/offset of loss	-	104 388	-	-	-	-	(104 388)	-	-	-	-
Total comprehensive income	-	-	-	-	(12 724)	313	-	346 491	334 080	-	334 080
Equity as at 31.12.2022	**100 771**	**1 567 325**	**116 700**	**(99 993)**	**2 255**	**1 904**	**(3 987)**	**346 491**	**2 031 466**	**-**	**2 031 466**

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

Consolidated statement of cash flows

	Note	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022*
OPERATING ACTIVITIES			
Net profit/(loss)		**481 105**	**346 491**
Total adjustments:	**49**	**89 787**	**56 538**
Depreciation and amortization of property, plant and equipment, intangible assets, expenditure on development projects and investment properties		13 970	13 828
Amortization of development projects recognized as cost of goods sold		231 112	103 604
Foreign exchange (gains)/losses		28 089	4 561
Interest and shares in profits		(47 182)	(42 487)
(Gains)/Losses on investing activities		(84 938)	42 077
Increase/(Decrease) in provisions		7 392	(5 040)
(Increase)/Decrease in inventories		9 125	3 185
(Increase)/Decrease in receivables		(60 033)	(44 052)
Increase/(Decrease) in liabilities, excluding loans and borrowings		(4 974)	13 034
Change in other assets and liabilities		(26 668)	(40 881)
Other adjustments		23 894	8 709
Cash from operating activities		**570 892**	**403 029**
Income tax expense		25 988	13 759
Withholding tax paid abroad		31 399	32 275
Income tax (paid)/refunded		(17 398)	(43 032)
Net cash from operating activities		**610 881**	**406 031**

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

	Note	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022*
INVESTING ACTIVITIES			
Inflows		**696 457**	**1 292 199**
Sale of intangible assets and property, plant and equipment		645	568
Repayment of loans granted		1 662	12 240
Sale of shares in a subsidiary		-	76
Expiry of bank deposits over 3 months		530 600	975 860
Redemption of bonds		95 135	268 426
Interest on bonds		13 116	7 879
Interest received on deposits		28 090	26 885
Inflows from execution of forward contracts		27 081	-
Other inflows from investing activities		128	265
Outflows		**1 303 802**	**1 627 806**
Acquisition of intangible assets and property, plant and equipment		57 187	48 274
Expenditure on development projects		272 655	207 831
Expenditure on intangible assets		973	-
Acquisition of investment properties and capitalization of expenditure		122	214
Loans granted		4 215	4 187
Purchase of shares in subsidiaries		8 013	6 769
Contribution to the capital of a subsidiary		-	28 318
Placement of bank deposits over 3 months		531 475	1 048 190
Purchase of private equity interests in the gaming sector		1 467	2 556
Purchase of bonds and cost of their purchase		427 695	253 580
Outflows from execution of forward contracts		-	27 887
Net cash from investing activities		**(607 345)**	**(335 607)**
FINANCING ACTIVITIES			
Inflows		**32**	**861**
Net proceeds from the sale of shares and issue of shares in the execution of the incentive plan		-	822
Payment of finance lease liabilities		31	39
Interest paid		1	-
Outflows		**103 341**	**205 044**
Purchase of treasury shares for redemption		-	99 993
Dividends and other distributions to shareholders		99 911	100 739
Payment of lease liabilities		2 622	3 731
Interest paid		808	581
Net cash used in financing activities		**(103 309)**	**(204 183)**
Net increase/(decrease) in cash and cash equivalents		**(99 773)**	**(133 759)**
Change in cash and cash equivalents in the balance sheet		**(99 773)**	**(133 759)**
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		**178 054**	**277 827**

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

CD PROJEKT

Notes to the consolidated financial statements

2

General Information

Name of reporting entity:	CD PROJEKT S.A. (there have been no changes in the name of the reporting entity since the end of the prior reporting period)
Legal form:	a joint stock company (*spółka akcyjna)*
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 ultimate parent of the group:	CD PROJEKT S.A.

Consolidation policies

CD PROJEKT Group Companies

As at 31.12.2023	% 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 RED Inc. (formerly CD PROJEKT Inc.)	100%	100%	acquisition accounting
CD PROJEKT RED Vancouver Studio Ltd.	100%	100%	not consolidated
The Molasses Flood LLC	81.82%	81.82%	not consolidated
CD PROJEKT SILVER Inc.	100%	100%	not consolidated

(all amounts in PLN thousand, unless stated otherwise)

Three companies were not consolidated due to the immateriality of data. 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, other operating income and finance income 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 eliminated 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, other operating income and finance income;

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.

Total non-consolidated companies

As at 31.12.2023	Total non-consolidated companies	Eliminations of non-consolidated companies	Parent Company	Consolidation eliminations CD PROJEKT S.A.	Total	Percentage share
Total assets	22 887	(3 163)	2 517 921	(42 683)	**2 494 962**	0.80%
for the period 01.01.2023 – 31.12.2023						
Total revenue	65 153	(62 308)	1 206 192	(32)	**1 209 005**	0.24%
Net cash from operating activities	4 595	-	598 627	-	**603 222**	n/a
Net cash from investing activities	(5 244)	-	(603 468)	2 486	**(606 226)**	n/a
Net cash from financing activities	647	(2 486)	(102 749)	-	**(104 588)**	n/a

As at 31.12.2022	Total non-consolidated companies	Eliminations of non-consolidated companies	Parent Company	Consolidation eliminations CD PROJEKT S.A.	Total	Percentage share
Total assets	29 637	(5 325)	2 183 974	(44 133)	**2 164 153**	1.14%
For the period 01.01.2022 – 31.12.2022						
Total revenue	51 369	(47 975)	854 404	(1 395)	**856 403**	0.40%
Net cash from operating activities	(7 598)	-	435 369	-	**427 771**	n/a
Net cash from investing activities	(3 767)	-	(340 989)	15 573	**(329 183)**	n/a
Net cash from financing activities	17 124	(15 640)	(203 102)	-	**(201 618)**	n/a

(all amounts in PLN thousand, unless stated otherwise)

CD PROJEKT RED Vancouver Studio Ltd.

As at 31.12.2023	Value for the non-consolidated company	Eliminations for the non-consolidated company	Parent Company	Consolidation eliminations CD PROJEKT S.A.	Total	Percentage share
Total assets	8 981	(1 549)	2 517 921	(11 504)	**2 513 849**	0.30%
for the period 01.01.2023 – 31.12.2023						
Total revenue	20 260	(17 716)	1 206 192	(30)	**1 208 706**	0.21%
Net cash from operating activities	1 083	-	598 627	-	**599 710**	n/a
Net cash from investing activities	(533)	-	(603 468)	-	**(604 001)**	n/a
Net cash from financing activities	(468)	-	(102 749)	-	**(103 217)**	n/a

As at 31.12.2022	Value for the non-consolidated company	Eliminations for the non-consolidated company	Parent Company	Consolidation eliminations CD PROJEKT S.A.	Total	Percentage share
Total assets	9 761	(2 746)	2 183 974	(11 681)	**2 179 308**	0.32%
For the period 01.01.2022 – 31.12.2022						
Total revenue	18 366	(16 762)	854 404	(68)	**855 940**	0.19%
Net cash from operating activities	272	-	435 369	-	**435 641**	n/a
Net cash from investing activities	2 577	-	(340 989)	2 190	**(336 222)**	n/a
Net cash from financing activities	2 190	(2 190)	(203 102)	-	**(203 102)**	n/a

(all amounts in PLN thousand, unless stated otherwise)

The Molasses Flood LLC

As at 31.12.2023	Value for the non-consolidated company	Eliminations for the non-consolidated company	Parent Company	Consolidation eliminations CD PROJEKT S.A.	Total	Percentage share
Total assets	13 893	(1 614)	2 517 921	(31 179)	**2 499 021**	0.49%
for the period 01.01.2023 – 31.12.2023						
Total revenue	44 893	(44 592)	1 206 192	(2)	**1 206 491**	0.02%
Net cash from operating activities	3 515	-	598 627	-	**602 142**	n/a
Net cash from investing activities	(4 711)	-	(603 468)	2 486	**(605 693)**	n/a
Net cash from financing activities	1 115	(2 486)	(102 749)	-	**(104 120)**	n/a

As at 31.12.2022	Value for the non-consolidated company	Eliminations for the non-consolidated company	Parent Company	Consolidation eliminations CD PROJEKT S.A.	Total	Percentage share
Total assets	12 956	(2 579)	2 183 974	(27 153)	**2 167 198**	0.48%
For the period 01.01.2022 – 31.12.2022						
Total revenue	31 328	(31 213)	854 404	(6)	**854 513**	0.01%
Net cash from operating activities	3 075	-	435 369	-	**438 444**	n/a
Net cash from investing activities	(2 592)	-	(340 989)	(787)	**(344 368)**	n/a
Net cash from financing activities	(515)	787	(203 102)	-	**(202 830)**	n/a

(all amounts in PLN thousand, unless stated otherwise)

Spokko sp. z o.o.

As at 31.12.2022	Value for the non-consolidated company	Eliminations for the non-consolidated company	Parent Company	Consolidation eliminations CD PROJEKT S.A.	Total	Percentage share
Total assets	6 854	-	2 183 974	(5 299)	**2 185 529**	0.31%
For the period 01.01.2022 – 31.12.2022						
Total revenue	1 675	-	854 404	(1 321)	**854 758**	0.20%
Net cash from operating activities	(11 012)	-	435 369	-	**424 357**	n/a
Net cash from investing activities	(3 752)	-	(340 989)	14 170	**(330 571)**	n/a
Net cash from financing activities	15 382	(14 170)	(203 102)	-	**(201 890)**	n/a

(all amounts in PLN thousand, unless stated otherwise)

CD Projekt Silver Inc.

As at 31.12.2023	Value for the non-consolidated company	Eliminations for the non-consolidated company	Parent Company	Consolidation eliminations CD PROJEKT S.A.	Total	Percentage share
Total assets	13	-	2 517 921	-	**2 517 934**	0.00%
for the period 01.01.2023 – 31.12.2023						
Total revenue	-	-	1 206 192	-	**1 206 192**	0.00%
Net cash from operating activities	(3)	-	598 627	-	**598 624**	n/a
Net cash from investing activities	-	-	(603 468)	-	**(603 468)**	n/a
Net cash from financing activities	-	-	(102 749)	-	**(102 749)**	n/a

As at 31.12.2022	Value for the non-consolidated company	Eliminations for the non-consolidated company	Parent Company	Consolidation eliminations CD PROJEKT S.A.	Total	Percentage share
Total assets	66	-	2 183 974	-	**2 184 040**	0.00%
For the period 01.01.2022 – 31.12.2022						
Total revenue	-	-	854 404	-	**854 404**	0.00%
Net cash from operating activities	67	-	435 369	-	**435 436**	n/a
Net cash from investing activities	-	-	(340 989)	-	**(340 989)**	n/a
Net cash from financing activities	67	(67)	(203 102)	-	**(203 102)**	n/a

(all amounts in PLN thousand, unless stated otherwise)

Subsidiaries

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

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

Subsidiaries which meet the above-mentioned materiality criterion 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.

Changes in accounting policies

The accounting policies applied in these consolidated financial statements, material judgements made by the Parent Company's 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 in the section "Assumption of comparability of the financial statements, changes in accounting policies and estimates".

Going concern assumption

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

As at the date of signing these consolidated 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 significant curtailment of its operations to date.

By the date of preparing the consolidated financial statements for the period from 1 January to 31 December 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, no significant prior year events have been disclosed in these consolidated financial statements.

Compliance with the International Financial Reporting Standards

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS"), as adopted by the European Union, effective for annual periods beginning on 1 January 2023.

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

In preparing the consolidated financial statements for 2023, the Group applies the same accounting policies as in preparing the annual financial statements for 2022, with the exception of amendments to standards and new standards and interpretations endorsed by the European Union, which are effective for reporting periods beginning on 1 January 2023:

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

  A new standard governing the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts. It replaced the formerly applicable ***IFRS 4*** *Insurance contracts*.

- Amendments to ***IAS 1*** and *Practice Statement 2: Disclosure of Accounting Policies* (published on 12 February 2021) - endorsed on 2 March 2022 and applicable to annual periods beginning on or after 1 January 2023;

  IASB clarified which information on the Group's accounting policies is material and requires disclosure in the financial statements. The amendments focus on tailoring disclosures to the Group's specific circumstances. The Board cautions against the use of standardised provisions copied from IFRS and expects the basis of measurement of financial instruments to be considered as material information.

- Amendments to ***IAS 8*** *Accounting Policies, Changes in Accounting Estimates and Errors* - approved on 2 March 2022 and applicable to periods beginning on or after 1 January 2023;

  The Board introduced the definition of an accounting estimate in the standard: Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.

- Amendments to ***IAS 12*** *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* - applicable to periods beginning on or after 1 January 2023;

  The Board introduced the principle that if a transaction gives rise to equal taxable and deductible temporary differences, a deferred tax asset and a deferred tax provision should be recognized even if the transaction does not result from a business combination and has no impact on the accounting or tax profit or loss. This means that a deferred tax asset and provision must be recognized, for example, when equal temporary differences arise on leases (separate temporary differences on the liability and on the right-of-use asset) or on restoration liabilities. The principle which says that deferred income tax assets and liabilities are offset if current income tax assets and liabilities are offset was not changed.

- Amendments to ***IFRS 17*** *Insurance Contracts* concerning *Initial Application of* ***IFRS 17*** *and* ***IFRS 9*** - *Comparative Information* - endorsed on 8 September 2022 and applicable to periods beginning on or after 1 January 2023.

  The Board set out transitional provisions relating to comparative data for entities which adopt ***IFRS 17*** and ***IFRS 9*** at the same time, to reduce the potential accounting mismatch resulting from differences between these two standards.

- Amendments to ***IAS 12*** *The International Tax Reform - Pillar Two Model Rules* - endorsed on 8 November 2023, applicable to reporting periods beginning on or after 1 January 2023.

  The amendment has introduced a temporary exception from recognizing the deferred tax resulting from implementation of the International Tax Reform (Pillar Two) and a requirement for additional disclosures related to that exception.

These amendments have no material impact on the accounting policies adopted by the Group with regard to the Group's operations or its financial results.

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

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

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

- 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.

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

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

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

- 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.

Description of adopted accounting policies

Revenue and operating expenses

Revenue constitutes inflows of economic benefits, gross, for a given period, arising as a result of ordinary business activities of the Group, resulting in an increase in equity other than the increases due to contributions made by shareholders.

The Group recognizes revenue using the so-called Five-Step Model provided for in IFRS 15. Revenue includes only amounts received or receivable equal to the transaction prices that accrue to the Group upon fulfilment (or in the process of fulfilment) of the performance obligation to transfer the promised good or service (i.e. an asset) to the customer. The payment from a customer becomes due after that performance obligation has been fulfilled. The transaction price is the amount of consideration that the Group expects to receive in exchange for the transfer of the promised goods or services, less any applicable value-added tax.

In the case of revenue in the form of royalties from the sale of licences for the distribution of games, which is the Group's main source of revenue, revenue depends on the volume of sales realized by the distributor at any given time during the reporting period. Thus, revenue from the sale of a particular product is recognized in the sales period no sooner than after the delivery of the materials to start the actual distribution of the completed game, based on sales reports successively provided by the distributor. The payment from a customer becomes due after sales reports have been submitted by a distributor.

The Group recognizes the costs of materials used, goods for resale and products and service costs in the same period as sales of these items or sales of the services for which the items are used, in accordance with the principle of matching revenues and costs.

As part of its operations, the GOG.COM segment concludes contracts with users in its own name and on its own account, based on the right to distribute digital content to end users. By owning the files that make up the products it sells, the Group has control over them and makes them available to users independently as part of the sales process. The Group is obliged to perform the service of providing certain services and provides technical support and is liable for the service provided. The Group is liable under consumer protection legislation and bears the credit risk in respect of the amount owed by the customer. In this line of business, the Group is a principal and not an intermediary.

The Group receives short-term advances from its customers presenting advance payments as deferred income instead of recognizing a financing component, if the Group expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Finance income and costs

Finance income consists mainly of interest on deposits of surplus cash in bank accounts, commission and interest on loans granted, interest on late payment of receivables, release of provisions relating to financing activities, proceeds from sale of securities, foreign exchange gains, restoration of the impaired value of financial investments, forgiven loans and advances and gains on settlement of derivative instruments.

Finance costs mainly comprise interest on loans and advances, interest on late payment of liabilities, provisions recorded against certain or probable losses on financial operations, the cost of shares and securities sold, commission and handling charges, write-downs of interest receivables and the value of short-term investments, discounts and net foreign exchange losses on financing activities and, in the case of leases, other charges except for capital instalments.

State subsidies

State subsidies are not recorded until obtaining reasonable assurance that the Group will comply with the required terms and conditions and obtain a subsidy. State subsidies, the principal condition of which is the purchase or manufacture of fixed assets by the company, are recognized in the balance sheet as deferred income and taken to the income statement on a pro rata basis over the expected economic useful life of the assets.

Current and deferred income tax

The mandatory profit reductions consist of current tax, withholding tax paid abroad and deferred tax. Current income tax is calculated on the basis of taxable income (tax base) for a given financial year. Taxable profit/(loss) differs from accounting profit/(loss) before tax due to the different timing of the recognition of income and expenses for tax and accounting purposes, as well as due to the permanent differences between the tax and accounting treatment of certain income and expense items. Tax expense is calculated based on the tax rates in effect for the financial year. Current income tax relating to items recognized directly in equity is recognized in equity rather than in the income statement.

Deferred tax is calculated using the liability method as tax payable or reimbursable in the future in respect of differences between carrying amounts of assets and liabilities and the corresponding tax amounts used for the calculation of the tax base.

Deferred tax provision is recorded on all taxable temporary differences, and a deferred tax asset is recorded to the extent that the future tax profits are likely to be reduced by the amount of recognized deductible temporary differences. An asset or liability does not arise if the temporary difference arises from goodwill.

Deferred tax provision is recognized on temporary differences arising from investments in subsidiaries, associates and joint ventures, unless the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The amount of deferred tax asset is analysed at each balance sheet date, and it is written down if the expected future taxable income is not sufficient to utilize the asset or its portion.

Deferred tax is calculated using the tax rates which will be binding at the moment when a given asset is realized or a liability becomes due. Deferred tax is recognized in the income statement, apart from the situations when it relates to items recorded directly in equity. In the latter case, deferred tax is also recognized directly in Equity.

Value-added tax (VAT)

Revenues, expenses and assets are recognized net of value-added tax, except for:

- where the value-added tax paid on the purchase of assets or services is not recoverable from the tax authorities, in which case it is recognized as part of the cost of acquiring the asset or as an expense, as appropriate,
- receivables and payables which are recorded including the amount of value-added tax.

The net amount of value-added tax recoverable from or payable to the tax authorities is recognized in the balance sheet as part of receivables or payables.

Property, plant and equipment

Property, plant and equipment items are initially recognized at cost (the cost of purchase or manufacture) and reduced in subsequent periods by depreciation and impairment. Borrowing costs directly related to the purchase or manufacture of assets that require an extended period of time to adapt them for use or resale are added to the cost of such assets until such assets are commissioned. Investment income generated from the short-term investment of funds raised and related to the purchase or manufacture of fixed assets reduces the value of capitalized borrowing costs. Other borrowing costs are recognized in the income statement in the period in which they were incurred.

Depreciation is calculated for property, plant and equipment items, excluding land and assets under construction, over their estimated useful lives, using the straight-line method.

The expected useful life for each category of property, plant and equipment is:

Category	Useful life
Buildings and structures	5 – 25 years
Plant and machinery	2 – 10 years
Vehicles	5 years
Other fixed assets	2 – 10 years

Fixed assets with a low initial unit cost of no more than PLN 5 thousand are depreciated in a simplified way by making a one-off write-off.

Gains or losses on disposal / scrapping or decommissioning of fixed assets are determined as the difference between proceeds on disposal and the net carrying amounts of these assets, taking into account the provisions of *IFRS 15,* and are included in the Income statement.

Intangible assets - Expenditure on development projects

The Group classifies expenditure on the development of games under Expenditure on development projects. Game development costs incurred prior to the commencement of sales or the application of new solutions are recognized as Expenditure on development projects in progress. This expenditure includes expenses that are directly related to the project in question.

The Group verifies whether an intangible asset arising from a development project meets the following conditions:

a) it is technically feasible to complete the intangible asset so that it is suitable for use or sale;

b) there is a demonstrable intention to complete the asset and use or sell it;

c) the intangible asset can be used or sold;

d) the manner in which the asset will generate probable future economic benefits is known;

e) adequate technical, financial and other resources will be ensured to complete the development project and to use or sell the intangible asset;

f) there is a possibility to reliably determine the expenditure incurred during a development project, which is attributable to the intangible asset.

When these conditions are met, the Group reclassifies the expenditure from Expenditure on development projects in progress to Expenditure on development projects completed. In the case of projects for which it is possible to determine reliable estimates of the volume and value of the sales budget, the Group amortizes the value of these projects based on the consumption of economic benefits related to the number of copies sold.

The Group determines the amortization period and rates after the release of each title in the course of working on the interim financial statements while being in possession of the preliminary results of release sales and game ratings. The Group then establishes:

(i) the useful life based on the historical useful lives of previous comparable titles, normally no less than 3 years and no more than 6 years, given the difficulty in making reliable estimates over a longer horizon in an industry which is subject to dynamic change;

(ii) the basis for determining amortization rates, namely sales forecasts for the period of the useful life.

Then, based on professional judgement, the Group estimates what proportion of the benefits will be realized in the quarter of release and, in subsequent periods, smooths out the input distribution, eliminating the effect of periodic and one-off promotions and anticipated but uncertain one-off events (such as the release of the series Cyberpunk: Edgerunners on Netflix), in order to achieve the effect of constant reducing balance or straight-line amortization from quarter to quarter.

In justified cases, the settlement of expenditure incurred may be of a one-off nature (e.g. Cyberpunk: Edgerunners anime).

In the tables below, the Group presents projects amortized in 2023 for which reliable estimates of sales volumes and budgets can be determined, together with the useful lives or amortization rates applied:

Until the release of *Cyberpunk 2077: Phantom Liberty*:

		Amortization for the period	
Title	**Release period**	Q1	Q2 - Q21
Cyberpunk 2077	Q4 2020	40%	60% straight line over 5 years (1% per month)

After the release of *Cyberpunk 2077: Phantom Liberty*, based on the total amount of non-amortized expenditure on the production of *Cyberpunk 2077*, including the version for new generation consoles and expenditure on the production of the *Phantom Liberty* expansion:

		Amortization for the period	
Title	**Release period**	Q3-Q4 2023	20%
Cyberpunk 2077 (including the version for new generation consoles) + Cyberpunk 2077 Phantom Liberty	Q3 2023	Q1-Q4 2024	5%
		Q1-Q4 2025	3.5%
		Q1-Q4 2026	2.5%
		Q1-Q4 2027	2%
		Q1-Q4 2028	2%

(all amounts in PLN thousand, unless stated otherwise)

GOG.COM's projects: WN GLX2 and WN Cross-Platform SDK (GAMEINN):

		Amortization for the period																				
Title	**Release period**	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15	Q16	Q17	Q18	Q19	Q20	Q21
WN GLX2*	Q4 2020	15%	0.7%	1.7%	1.8%	2%	0.6%	0.7%	0.4%	0.5%	0.5%	0.7%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.3%	0.2%	0.2%	0.2%
WN Cross-Platform SDK (GAMEINN)	Q2 2019	84.7%	2.2%	2.5%	1.7%	2.1%	1%	1%	1%	1%	0.6%	0.6%	0.6%	0.6%	0.3%	0.1%	-	-	-	-	-	-

** In 2021, GOG.COM updated the assumptions for the WN GLX2 development expenditure and wrote down 71.7% of the total value of this expenditure.*

In other cases, the Group amortizes the value of projects using the straight-line method. Amortization related to Expenditure on development projects is presented under the Cost of products and services sold (CD PROJEKT RED segment) and in Selling expenses (the GOG.COM segment) in the Income statement.

(all amounts in PLN thousand, unless stated otherwise)

Intangible assets - Other

Intangible assets are presented at historical cost less amortization and impairment losses. Amortization is recognized on a straight-line basis. Costs of research projects are not capitalized and are presented in the Income statement as expenses in the period in which they are incurred.

The expected useful life for each category of intangible assets is as follows:

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

Intangible assets with a low initial unit cost not exceeding PLN 5 thousand are amortized in a simplified manner by making a one-time write-off.

The Group's consolidated financial statements show the commodity brand The Witcher and the corporate brand CD PROJEKT. Brands have been valued using the Relief from Royalty capitalization method representing the income approach, which is one of the primary methods for valuing brands and other intangible assets for the purpose of accounting for business combinations in accordance with *IFRS 3 Business Combinations*. Neither brand has a definite useful life. Goodwill of the brands is subject to an annual impairment test.

Goodwill

Goodwill (gain) is calculated as the balance of two amounts:

- the sum of the consideration transferred for control, the non-controlling interests (measured as a proportion of the net assets acquired) and the fair value of the blocks of interests (shares) held by the acquiree prior to the acquisition date; and
- the fair value of the identifiable net assets acquired of the entity.

The excess of the sum calculated as indicated above over the fair value of the identifiable net assets acquired of the entity is recognized as goodwill on the assets side of the consolidated statement of financial position. Goodwill represents the payment made by the acquirer in anticipation of future economic benefits from assets that cannot be individually identified or separately recognized. After initial recognition goodwill is stated at cost, less accumulated impairment losses.

If the aforementioned sum is less than the fair value of the identifiable net assets acquired of the entity, the difference is recognized directly in the profit or loss. The Group recognizes a gain on the acquisition under other operating income.

Mergers of business entities under common control

The legal merger of the Parent Company with its subsidiary is recognized using the amounts relating to the subsidiary shown in the Parent Company's consolidated financial statements; these amounts include amounts recognized in the Parent Company's consolidated financial statements arising from the acquisition of the subsidiary. The subsidiary's results and statement of financial position are recognized prospectively from the date of the legal merger.

Impairment of non-financial assets

At each balance sheet date, the Group companies review the net book amounts of non-current assets to determine whether there are indications of their impairment.

If such indications are found, the recoverable amount of an asset is estimated to determine the amount of the potential write-down. If an asset does not generate cash flows that are considerably independent of the cash flows generated by other assets, the analysis is performed for the group of assets generating cash flows (a cash-generating unit) to which the asset belongs.

In the case of intangible assets with an indefinite useful life, impairment tests are carried out annually and additionally when there are indications of possible impairment.

The recoverable amount is determined as the higher of fair value less costs to sell and value in use. The latter amount corresponds to the present value of estimated future cash flows discounted using a discount rate that takes into account the current market time value of money and the risks specific to a given asset.

If the recoverable amount is lower than the net book amount of an asset (or a group of assets), the book value is reduced to the recoverable amount. An impairment loss is recognized as an expense in the period in which it occurs, except when the asset was recognized at a revalued amount (impairment is then treated as the reversal of previous revaluation).

If impairment is subsequently reversed, the net book value of an asset (or a group of assets) is increased to the lower of the new estimated recoverable amount and the net book value of the asset that would have been established had impairment not been recognized in previous years. Reversals of impairment are recognized in income.

Investment properties

Investment properties include properties held for rental income, appreciation in value or both. Consequently, the cash flows generated by investment properties are largely independent of other assets held by a Group Company.

Investment properties are valued using the purchase price model.

Rights of perpetual usufruct of land

Land owned by the State Treasury, local government units or their associations may be subject to perpetual usufruct. Perpetual usufruct is a special type of property right entitling natural or legal persons to use land to the exclusion of others. The perpetual lessee may also dispose of its right. The right of perpetual usufruct is granted for a period of 99 years or, in exceptional cases – where the economic purpose of perpetual usufruct does not require the land to be let for such a period – for a shorter period, however, no shorter than 40 years.

The Group has recognized the right of perpetual usufruct of land as a lease in accordance with IFRS 16. The right to use the leased asset has been presented in accordance with its purpose in the balance sheet either as Investment properties or Property, plant and equipment.

Leases

The Group as a lessee classifies a contract as a lease or as containing a lease if it transfers the right to control the use of an identified asset for a given period in return for a consideration.

Where the Group acts as a lessor, a contract is treated as a finance lease if substantially all the risks and rewards of ownership of the underlying asset are transferred. If substantially all the risks and rewards of ownership of the underlying asset are not transferred, a contract is treated as an operating lease.

The right to control the use of an asset used under a lease contract primarily means the right to obtain substantially all economic benefits from the use of the asset and the right to direct the use of the identified asset.

Risks consist of the possibility of losses due to underutilization of capacity, loss of technical usefulness or changes in the level of return achieved due to changes in economic conditions. Benefits may include the expectation of profitable operation of the asset over its useful life and the expectation of a profit arising from an increase in its value or the realization of the residual value.

At the inception, the Group recognizes the right-of-use asset and the corresponding lease liability. The right of use is initially measured at cost, consisting of the initial lease liability, initial direct costs, an estimate of the costs expected to be incurred in dismantling the underlying asset and lease payments made at or before the inception, less lease incentives.

The Group depreciates the right-of-use assets on a straight-line basis from the inception to the end of the useful life of the right-of-use asset or the end of the lease term, whichever is earlier. If there are indications to do so, the right-of-use assets are tested for impairment in accordance with *IAS 36*.

At the inception, the Group measures the lease liability at the present value of the lease payments outstanding, using the interest rate on the lease if this can be readily determined. Otherwise, the incremental borrowing rate of the lessee is applied.

Lease payments included in the value of the lease liability consist of fixed lease payments, variable lease payments dependent on an index or rate, amounts expected to be paid as the guaranteed residual value and call option payments if it is reasonably certain that the option will be exercised. In subsequent periods, the lease liability is reduced by repayments made and increased by accrued interest. The valuation of the lease liability is updated to reflect changes in the contract and the reassessment of the lease term, the exercise of the call option, the guaranteed residual value or index- or rate-dependent lease payments. In principle the remeasurement of the liability is recognized as an adjustment of the right-of-use asset.

The Group applies the practical expedients permitted by the standard to short-term leases and leases where the underlying asset is of low value. For such contracts, instead of recognizing right-of-use assets and lease liabilities, lease payments are recognized in the profit or loss on a straight-line basis over the lease term.

Shares in non-consolidated subordinated entities

Shares in non-consolidated subordinated entities are initially measured at cost. As at the balance sheet date, investments in subordinated entities are stated at cost less impairment losses.

Financial assets

The Group classifies each financial asset upon initial recognition into of one of four categories of financial assets, which are distinguished based on the Group's business model for managing the assets and the characteristics of the contractual cash flows:

- assets measured at amortized cost after initial recognition;
- assets measured at fair value through other comprehensive income after initial recognition;
- assets measured at fair value through profit or loss;
- hedging financial instruments.

The classification of financial assets is made upon initial recognition and can only be changed if the business model for managing financial assets changes. The principal models for managing financial assets include the model of holding for receiving contractual cash flows, the model of holding for receiving contractual cash flows and selling, and the model of holding for purposes other than those indicated in the two preceding models (in principle, it is a model of holding assets for disposal). The Group adopts the principle that the sale of a financial asset just before its maturity does not constitute a change in the business model from holding for receiving contractual cash flows to holding for receiving contractual cash flows and selling or holding for other purposes.

The Group does not apply hedge accounting and, therefore, the regulations of IFRS 9 in this respect do not apply to it.

The Group assesses the credit risk associated with assets constituting financial instruments based on the expected loss model. The primary method of determining impairment losses under the expected loss model is the method under which the Group monitors changes in the level of credit risk associated with a given financial asset in relation to its initial recognition and classifies financial assets into one of the three stages of impairment loss determination: stage 1 - financial assets serviced on an ongoing basis (applied to assets if their credit risk has not materially increased since initial recognition); stage 2 - financial assets with deteriorated servicing (applied if credit risk has increased materially since initial recognition, while there is no objective evidence of impairment); stage 3 - financial assets not serviced (applied when there is objective evidence of impairment).

The Group applies the simplification permitted by IFRS 9 (using an allowance matrix, based on historical data adjusted for the impact of future factors). The matrix is created on the basis of historical data. The Group does not apply the matrix separately to receivables portfolios as its business is fairly homogeneous. The Group's customers are mainly large multinational companies that settle their liabilities on time. The Group uses quarterly ageing for years X-1 and X-2 in relation to the year for which allowances are estimated. In addition to the allowances calculated according to the matrix, the Group also calculates allowances for receivables on a case-by-case basis on the basis of an expert analysis of information on receivables considered to be lost or at risk, carried out by the finance department. These are usually unique events that are not indicative of the Group's operations and business environment, but only of a delay in settlement of a particular customer's receivables.

Financial liabilities

A financial liability is each liability being:

- a contractual obligation to issue cash or another financial asset to another entity or exchange financial assets or liabilities with another entity on potentially unfavourable terms;
- a contract which will be or may be settled in own equity instruments of the entity and is a non-derivative instrument from which an obligation arises or may arise for the entity to deliver a variable number of its own equity instruments, or a derivative instrument which will be or may be settled other than through exchanging a fixed amount of cash or another financial asset for a fixed number of own equity instruments of the entity. For this purpose, pre-emptive rights, options and warrants to purchase a fixed number of an entity's own equity instruments in exchange for a fixed amount of cash in any currency are equity instruments if the entity offers pro rata pre-emptive rights, options and warrants to all current owners of the same class of the entity's non-derivative equity instruments.

The Group companies classify each component of financial liabilities upon initial recognition as:

- financial liabilities measured at fair value through profit or loss;
- other financial liabilities measured at amortized cost.

Financial liabilities are initially stated at fair value plus transaction costs, which can be directly attributed to the financial liability, for financial liabilities not carried at fair value through profit or loss.

Inventories

The initial cost of inventories includes all costs (the cost of purchase, production and other) incurred in bringing inventories to their present location and condition. The purchase price of inventories comprises the purchase price plus import duties and other taxes (not subsequently recoverable from the tax authorities), transport, loading, unloading and other costs directly related to the acquisition of the inventories, less discounts, rebates and other similar reductions. Inventories are stated at the lower of the initial cost (the cost of purchase or production) and the net realizable value. The net realizable value corresponds to the estimated selling price less any costs necessary to complete production and the costs of bringing the inventories to market or finding a buyer (i.e. selling, marketing, etc.). For inventories, cost is determined using the "weighted average" method.

Trade and other receivables

Trade receivables are measured in the books of account at the value corresponding to the transaction prices adjusted for appropriate impairment allowances under the expected losses model.

The value of receivables corresponding to the revenue from the sale of products, which arose and were recognized during the reporting period and were reported after the end of the period (in accordance with the contracts concluded), is presented in trade receivables.

Prepayments and accruals

The Group recognizes deferred income for the purpose of allocating such income to future reporting periods, when the income is realized.

In the CD PROJEKT RED segment, deferred income includes proceeds received or due from royalties on pre-orders for digital distribution of games, or advances on royalties and advances on goods received from distributors, as well as deferred settlements of subsidies.

In the GOG.COM segment, deferred income includes revenue from pre-ordered sales of products with release dates in future periods and deferred settlements with customers of the online shop within the so-called GOG Portfolio.

Accruals are liabilities falling due for goods or services that have been received or provided, invoiced or formally agreed with the supplier.

The Group companies recognize costs that have been incurred in advance but relate in whole or in part to subsequent periods in prepayments and deferred costs.

In the GOG.COM segment, the GOG Company acquires distribution rights which are initially treated as Deferred Costs. This initial recognition relates to fees for the so-called minimum guarantees - these are contractual amounts paid to the owner of vested rights after the conclusion of the contract. Minimum guarantees are charged to the cost of goods sold upon commencing the sales. Thus, the costs associated with minimum guarantees are correlated with sales revenue.

Cash and cash equivalents

Cash consists of cash in hand, demand deposits and bank deposits with a maturity of up to three months. Cash equivalents are short-term investments with high liquidity, easily exchangeable for specific amounts of cash and exposed to insignificant risk of value fluctuations.

Outstanding overdrafts are presented in cash flows from financing activities under Loans and advances.

Assets held for sale and discontinued operations

Non-current assets (and groups of net assets) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets (and groups of net assets) are classified as designated for disposal if it is probable that their carrying value will be recovered through disposal rather than through their continued use. This condition is considered met only if the sale transaction is highly probable and the asset (or a group of net assets designated for disposal, a disposal group) is available in its current condition for immediate sale. An asset is classified as designated for disposal under the assumption that a Group Company's management intends to complete the transaction within one year from the moment of changing the classification.

Equity

Equity is recorded in the accounting books by type of equity component and in accordance with the binding regulations of the law and the provisions of the Articles of Association of the Group Companies.

Share capital is shown at the nominal value in the amount consistent with the Parent Company's Articles of Association and the entry in the court register.

Supplementary capital is created from profits generated.

Share premium is created from the surplus of the issue price of shares above the nominal value, less issue costs. Issue costs incurred on formation of a joint stock company or increasing share capital reduce supplementary capital.

Other reserves include Costs of the incentive programme, Reserve capital created for share buybacks and Revaluation reserve.

Provisions for liabilities

Provisions for liabilities are recognized, when a Group Company has a current obligation (legal or constructive) as a result of past events and it is probable that the discharge of the obligation will result in an outflow of the resources embodying the Group's economic benefits and a reliable estimate of the amount of the obligation can be made. No provisions are recorded against future operating losses.

A provision for restructuring costs is only recognized when a Group Company has announced a detailed and formal restructuring plan to all stakeholders.

Employee benefits

Short-term employee benefits other than employment termination benefits and share-based payments are recognized as liabilities, net of any amounts already paid, and simultaneously as an expense for the period, unless the benefit should be included in the production cost of an asset. The Group does not offer participation in any post-employment benefit plans to its employees.

Based on the resolutions of the Parent Company's General Meeting of 28 July 2020 and 22 September 2020, an incentive plan for the years 2020-2025 for selected persons in the Parent Company and in Group companies was introduced. As part of the implementation of the plan, 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 could be granted. However, due to the fact that, among other things, the Incentive Plan for the years 2020-2025 lost its motivational and retention functions, as described in detail in Note 39 "Employee Benefit Plans" below, the General Meeting adopted a resolution to discontinue implementing the plan. As a result, the plan expired in full on 18 April 2023. Upon expiry of the plan, entitlements awarded as part of that plan to eligible persons also expired.

Based on the resolutions of the Parent Company's General Meeting of 18 April 2023, two new incentive plans for the financial years 2023-2027 were introduced on that date, replacing the Incentive Plan for 2020-2025: the Incentive Plan A and Incentive Plan B. Entitlements awarded under these plans if the conditions set out in the plans are met shall be realized alternatively though either: (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. Plans A and B are described in detail in Note 39 "Employee Benefit Plans" below.

The incentive plans are accounted for in accordance with the principles of *IFRS 2 Share-based Payment.*

Loans granted

Loans granted are measured at amortized cost, using the effective interest rate.

Trade and other payables

Trade payables are shown in the balance sheet at amortized cost. Financial liabilities and equity instruments are classified according to their contractual economic content. An equity instrument is a contract giving the right to a share of the Group's assets less all liabilities.

Licences

The value of acquired distribution rights is recognized on the basis of invoices received as the balance of Deferred costs. This value is increased by the amount of the uninvoiced parts of the minimum guarantees under the contracts concluded. The value of acquired distribution rights is charged to expenses on a pro rata basis in relation to sales and, once the balance of Deferred costs is exceeded, it is credited to Trade payables.

Payment of dividend

Dividends are recorded at the moment of establishing the rights of the Parent Company's shareholders to their receipt.

Functional currency and presentation currency

Functional currency and presentation currency

The items contained in the financial statements are valued in the currency of the basic economic environment in which the Group conducts operations (the "functional currency"). The financial statements are presented in Polish zloty (PLN) which is the functional and presentation currency of the Group and the Company.

Transactions and balances

Transactions expressed in foreign currencies are translated into the functional currency based on the exchange rate as at the date of transaction. Exchange gains and losses on the settlement of these transactions and on the valuation of monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are recognized in the Income statement.

Critical accounting estimates and judgements

Professional judgement

As at the end of each reporting period, the Group reviews the expected useful lives of internally generated intangible assets. In the case of intangible assets for which it is possible to determine reliable estimates of the volume and value of the sales budget, the Group amortizes the value of these projects based on the consumption of economic benefits related to the number of copies sold. The premiere-linked nature of the game's life cycle justifies the use of a reducing balance depreciation method, as the highest sales volumes are achieved during the premiere period, which decline in subsequent periods. In the remaining cases, the Group amortizes the value of the projects on a straight-line basis over three years. As the video game market is characterized by technology rotation cycles, a three-year period is the maximum horizon over which the Group can assess whether and what impact future technological changes will have on the value of an asset.

Uncertainty of estimates

The following are the key assumptions about the future and other key sources of uncertainties at the balance sheet date that carry a significant risk of material adjustments to the carrying amounts of assets and liabilities in the next financial year.

Impairment of assets

Impairment tests for assets such as goodwill and brand value require estimating the value in use of a cash-generating unit. Estimating the value in use means forecasting the future cash flows expected to be generated by a cash-generating unit, and requires determining a discount rate to be used in order to calculate the present value of these cash flows. The last test of the CD PROJEKT corporate brand, The Witcher product brand and goodwill was carried out as at 31 December 2023. No impairment of the brands or goodwill were identified. Impairment tests of shares in subsidiaries were also carried out as at 31 December 2023. No impairment of the shares was identified.

Assumptions adopted in the valuation of the CD PROJEKT brand, The Witcher trademark and goodwill:

	Trademarks	**Goodwill**
Cash flow forecast period	2024-2027 (4 years)	2024-2027 (4 years)
Discount rate (WACC)	12.5%	12.5%
Growth rate (g) for residual value	3%	3%

(all amounts in PLN thousand, unless stated otherwise)

Valuation of provisions

Provisions for retirement benefits and the share-based incentive plan were estimated using actuarial methods.

The Group creates provisions for performance-related remuneration and other bonuses. Provisions for performance-related remuneration are created on an aggregate basis for individual employee groups. As a general rule, provisions are calculated (depending on the employee group) on the basis of the net profit of the Group or of the operating segment. Provisions for performance-related remuneration are calculated under the principle of recursion - the value of the provisions reduces the underlying results accordingly.

The Group records provisions for refunds, expected adjustments to licence reports and costs not invoiced by suppliers by the balance sheet date.

Deferred income tax asset

The Group companies recognize a deferred tax asset based on the assumption that a tax profit will be generated in the future, enabling its utilization. Deterioration of tax results in the future might result in the assumption becoming unjustified.

Deferred tax provision

The Group recognizes a deferred tax provision based on the assumption that a future tax obligation will arise from taxable temporary differences, leading to its utilization. In estimating deferred tax, the Group uses an income ratio calculated on the basis of the following year's budget to allocate positive and negative temporary differences.

Fair value of financial instruments

The fair value of financial instruments for which there is no active market is determined using appropriate valuation techniques. The Group companies use professional judgement in selecting appropriate methods and assumptions.

Depreciation and amortization rates

The depreciation and amortization rates are established based on the expected useful lives of property, plant and equipment and intangible assets. The Group companies verify the adopted useful lives on an annual basis, taking into account the current estimates.

For projects for which reliable estimates of sales volumes and budgets can be determined, the Group determines the amortization method for the published titles based on historical sales data of previous own titles (no useful predictive sales data of other publishers' titles is available) and, to a lesser but significant extent, professional judgement.

Assumption of comparability of the financial statements, changes in accounting policies and estimates

Changes in accounting policies

The accounting policies applied in these consolidated financial statements, material judgements made by the Management Board with regard to the accounting policies applied by the Group and the main sources of estimating uncertainties are consistent, in all material respects, with the policy adopted for preparing the annual consolidated financial statements of the CD PROJEKT Group for 2022, with the exception of changes in accounting policies, changes related to the consolidated companies and presentation changes described below.

Presentation changes

In these consolidated financial statements for the period from 1 January to 31 December 2023, selected financial data were adjusted. In order to ensure comparability of the financial data in the reporting period, the data for the period from 1 January to 31 December 2022 and as at 31 December 2022 were adjusted. The data is presented after the following adjustments:

- In the statement of financial position as at 31 December 2022, provisions for holiday pay were entered. Consequently, the following items changed:
    - Expenditure on development projects – an increase of PLN 1 967 thousand;
    - Deferred income tax asset – an increase of PLN 240 thousand;
    - Retained earnings (Accumulated losses) – a decrease of PLN 1 336 thousand;
    - Net profit (loss) for the period – a decrease of PLN 602 thousand;
    - Provision for retirement and similar benefits – an increase of PLN 4 145 thousand.

The change affected the Net profit or loss and Equity.

- In the statement of cash flows for the period from 1 January to 31 December 2022, provisions for holiday pay were included. Consequently, the following items changed:
    - Net profit/(loss) – a decrease of PLN 602 thousand;
    - Increase/(Decrease) in provisions – an increase of PLN 660 thousand;
    - Income tax expense – a decrease of PLN 58 thousand.
- In the income statement for the period from 1 January to 31 December 2022, provisions for holiday pay were included. Consequently, the following items changed:
    - Administrative expenses – an increase of PLN 660 thousand;
    - Income tax – a decrease of PLN 58 thousand.

  The change affected the Net profit or loss and Equity.

In these consolidated financial statements for the period from 1 January to 31 December 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 31 December 2022 was changed. The data is presented after the following change:

- In the income statement for the period from 1 January to 31 December 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 32 799 thousand;
    - Administrative expenses – an increase of PLN 32 799 thousand.

  The change did not affect the Net profit or loss or Equity.

Notes – operating segments of the CD PROJEKT Group

3

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 determining segments or in the measurement of the profits or losses of the individual segments in relation to the financial statements for the year ended 31 December 2022.

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

Operating segments

In 2023, the Group's operations were carried out in two business segments:

- CD PROJEKT RED
- GOG.COM

CD PROJEKT RED

The scope and model of operations

The operations of the CD PROJEKT RED studio are executed within the structures of CD PROJEKT S.A. (the domestic holding company of the CD PROJEKT Group), CD PROJEKT Inc. (USA) and CD PROJEKT RED Vancouver Studio Ltd. (Canada).

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

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

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

GOG.COM

The scope and model of operations

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

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

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

Information on individual operating segments

	Continuing operations		Consolidation eliminations	Total continuing operations
	CD PROJEKT RED	GOG.COM		
01.01.2023 – 31.12.2023				
Sales revenue	**1 037 873**	**234 969**	**(42 643)**	**1 230 199**
from external customers	995 319	234 880	-	1 230 199
between segments	42 554	89	(42 643)	-
Amortization and depreciation	**12 944**	**1 614**	**(588)**	**13 970**
Interest income	**47 198**	**809**	**-**	**48 007**
Interest expense	**863**	**167**	**(167)**	**863**
Net profit/(loss) of the segment	**470 748**	**10 255**	**102**	**481 105**

	Continuing operations		Consolidation eliminations	Total continuing operations
	CD PROJEKT RED	GOG.COM		
01.01.2022 – 31.12.2022*				
Sales revenue	**780 309**	**188 579**	**(16 312)**	**952 576**
from external customers	765 489	187 087	-	952 576
between segments	14 820	1 492	(16 312)	-
Amortization and depreciation	**11 890**	**2 324**	**(386)**	**13 828**
Interest income	**41 950**	**1 387**	**-**	**43 337**
Interest expense	**874**	**552**	**(79)**	**1 347**
Net profit/(loss) of the segment	**341 493**	**5 248**	**(250)**	**346 491**

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

Consolidated income statement by segment for the period from 01.01.2023 to 31.12.2023

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
Sales revenue	**1 037 873**	**234 969**	**(42 643)**	**1 230 199**
Sales of products	1 023 545	-	18 239	1 041 784
Sales of services	1 014	880	(232)	1 662
Sales of goods for resale and materials	13 314	234 089	(60 650)	186 753
Cost of sales of products, services, goods for resale and materials	**254 972**	**168 136**	**(42 541)**	**380 567**
Costs of products and services sold	239 914	4	(158)	239 760
Cost of goods for resale and materials sold	15 058	168 132	(42 383)	140 807
Gross profit/(loss) on sales	**782 901**	**66 833**	**(102)**	**849 632**
Selling expenses	198 832	45 063	(99)	243 796
Administrative expenses	158 381	8 364	(238)	166 507
Other operating income	50 922	5 409	(2 291)	54 040
Other operating expenses	19 162	7 227	(2 053)	24 336
(Impairment)/reversal of impairment of financial instruments	7	-	-	7
Operating profit/(loss)	**457 455**	**11 588**	**(3)**	**469 040**
Finance income	114 729	3 916	-	118 645
Finance costs	45 429	3 929	(165)	49 193
Profit/(loss) before tax	**526 755**	**11 575**	**162**	**538 492**
Income tax	56 007	1 320	60	57 387
Net profit/(loss)	**470 748**	**10 255**	**102**	**481 105**
Net profit/(loss) attributable to owners of CD PROJEKT S.A.	470 748	10 255	102	481 105

(all amounts in PLN thousand, unless stated otherwise)

Consolidated income statement by segment for the period from 01.01.2022 to 31.12.2022*

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
Sales revenue	**780 309**	**188 579**	**(16 312)**	**952 576**
Sales of products	761 518	-	5 981	767 499
Sales of services	3 044	272	(1 356)	1 960
Sales of goods for resale and materials	15 747	188 307	(20 937)	183 117
Cost of sales of products, services, goods for resale and materials	**124 808**	**134 387**	**(15 221)**	**243 974**
Costs of products and services sold	112 997	50	(1 485)	111 562
Cost of goods for resale and materials sold	11 811	134 337	(13 736)	132 412
Gross profit/(loss) on sales	**655 501**	**54 192**	**(1 091)**	**708 602**
Selling expenses	148 042	42 168	(659)	189 551
Administrative expenses	102 715	6 489	(209)	108 995
Other operating income	16 772	7 077	(4 406)	19 443
Other operating expenses	52 604	4 457	(4 256)	52 805
(Impairment)/reversal of impairment of financial instruments	(7)	-	-	(7)
Operating profit/(loss)	**368 905**	**8 155**	**(373)**	**376 687**
Finance income	64 717	6 784	-	71 501
Finance costs	47 932	7 810	(79)	55 663
Profit/(loss) before tax	**385 690**	**7 129**	**(294)**	**392 525**
Income tax	44 197	1 881	(44)	46 034
Net profit/(loss)	**341 493**	**5 248**	**(250)**	**346 491**
Net profit/(loss) attributable to owners of CD PROJEKT S.A.	341 493	5 248	(250)	346 491

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

Consolidated statement of financial position by segment as at 31.12.2023

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
NON-CURRENT ASSETS	**1 421 258**	**46 105**	**(16 740)**	**1 450 623**
Property, plant and equipment	181 955	2 404	(1 321)	183 038
Intangible assets	67 795	2 671	(408)	70 058
Expenditure on development projects	524 475	2 472	235	527 182
Investment properties	34 245	-	-	34 245
Goodwill	56 438	-	-	56 438
Investments in subordinated entities	15 226	-	(15 226)	-
Shares in non-consolidated subordinated entities	38 095	-	-	38 095
Prepayments and deferred costs	4 913	36 993	-	41 906
Other financial assets	455 907	-	-	455 907
Deferred tax assets	41 826	1 565	(20)	43 371
Other receivables	383	-	-	383
CURRENT ASSETS	**1 102 799**	**76 195**	**(16 179)**	**1 162 815**
Inventories	3 576	-	-	3 576
Trade receivables	203 783	5 916	(16 179)	193 520
Current income tax receivable	1 128	-	-	1 128
Other receivables	52 228	5 513	-	57 741
Prepayments and deferred costs	10 601	17 271	-	27 872
Other financial assets	362 719	-	-	362 719
Bank deposits over 3 months	338 205	-	-	338 205
Cash and cash equivalents	130 559	47 495	-	178 054
TOTAL ASSETS	**2 524 057**	**122 300**	**(32 919)**	**2 613 438**

(all amounts in PLN thousand, unless stated otherwise)

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
EQUITY	**2 369 714**	**49 104**	**(15 328)**	**2 403 490**
Equity of the shareholders of CD PROJEKT S.A.	**2 369 714**	**49 104**	**(15 328)**	**2 403 490**
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
Other reserves	24 184	525	(1 540)	23 169
Foreign exchange differences on translation	(2 153)	(65)	1 016	(1 202)
Retained earnings / (Accumulated losses)	(21 544)	2	(9 255)	(30 797)
Net profit (loss) for the period	470 748	10 255	102	481 105
Non-controlling interests	**-**	**-**	**-**	**-**
NON-CURRENT LIABILITIES	**38 753**	**890**	**(869)**	**38 774**
Other financial liabilities	20 038	869	(869)	20 038
Other liabilities	2 494	-	-	2 494
Deferred income	2 315	-	-	2 315
Provision for retirement and similar benefits	497	21	-	518
Other provisions	13 409	-	-	13 409
CURRENT LIABILITIES	**115 590**	**72 306**	**(16 722)**	**171 174**
Other financial liabilities	6 389	1 038	(543)	6 884
Trade payables	24 202	50 716	(16 083)	58 835
Current income tax liabilities	-	462	-	462
Other liabilities	7 099	8 102	-	15 201
Deferred income	6 887	6 283	-	13 170
Provision for retirement and similar benefits	6 414	-	-	6 414
Other provisions	64 599	5 705	(96)	70 208
TOTAL EQUITY AND LIABILITIES	**2 524 057**	**122 300**	**(32 919)**	**2 613 438**

(all amounts in PLN thousand, unless stated otherwise)

Consolidated statement of financial position by segment as at 31.12.2022*

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
NON-CURRENT ASSETS	**1 106 752**	**32 593**	**(17 160)**	**1 122 185**
Property, plant and equipment	143 837	3 269	(1 854)	145 252
Intangible assets	69 476	171	(490)	69 157
Expenditure on development projects	473 495	1 439	235	475 169
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	51 107	1 954	41	53 102
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	**2 201 976**	**96 925**	**(22 570)**	**2 276 331**

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

	CD PROJEKT RED	GOG.COM	Consolidation eliminations	Total
EQUITY	**2 008 048**	**38 715**	**(15 297)**	**2 031 466**
Equity of the shareholders of CD PROJEKT S.A.	**2 008 048**	**38 715**	**(15 297)**	**2 031 466**
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)	5 015	4	(9 006)	(3 987)
Net profit (loss) for the period	341 493	5 248	(250)	346 491
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	**157 772**	**56 843**	**(5 936)**	**208 679**
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	4 154	1	-	4 155
Other provisions	83 267	5 281	(506)	88 042
TOTAL EQUITY AND LIABILITIES	**2 201 976**	**96 925**	**(22 570)**	**2 276 331**

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

CD PROJEKT

Notes – other explanatory notes to the consolidated financial statements

4

Note 1. Sales revenue

Under **IFRS 15** revenue from sales of products, goods, materials and services, net of value-added tax, rebates and discounts, is recognized, when the performance obligation to deliver the promised good or service (i.e. an asset) to the customer has been fulfilled (or is in the process of being fulfilled).

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022
Sales revenue	**1 230 199**	**952 576**
of which revenue from research and development projects	521 071	299 720
Sales of products	1 041 784	767 499
Sales of services	1 662	1 960
Sales of goods for resale and materials	186 753	183 117
Other income	**172 685**	**90 944**
Other operating income	54 040	19 443
Finance income	118 645	71 501
Total	**1 402 884**	**1 043 520**

Sales revenue – geographical structure*

	01.01.2023 – 31.12.2023		01.01.2022 – 31.12.2022	
	in PLN	in %	in PLN	in %
Domestic sales	**30 840**	**2.51%**	**28 931**	**3.04%**
Export sales, including:	**1 199 359**	**97.49%**	**923 645**	**96.96%**
Europe	231 012	18.78%	167 881	17.62%
North America	872 353	70.90%	677 683	71.14%
South America	4 682	0.38%	3 579	0.38%
Asia	81 537	6.63%	65 681	6.90%
Australia	9 098	0.74%	8 395	0.88%
Africa	677	0.06%	426	0.04%
Total	**1 230 199**	**100%**	**952 576**	**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. and CD PROJEKT RED Inc. (formerly: CD PROJEKT Inc.) – end customers.*

Sales revenue – by type of production

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022
Own production	1 041 784	767 499
Third party production	186 753	183 117
Other revenue	1 662	1 960
Total	**1 230 199**	**952 576**

(all amounts in PLN thousand, unless stated otherwise)

Sales revenue – by distribution channel

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022
Games - box issues	67 989	31 375
Games - digital issues	1 136 680	850 367
Other revenue	25 530	70 834
Total	**1 230 199**	**952 576**

Note 2. Operating expenses

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022*
Depreciation and amortization of property, plant and equipment, intangible assets, expenditure on development projects and investment properties, including:	13 970	13 828
depreciation of leased buildings	801	1 659
depreciation of leased vehicles	398	412
Materials and energy used	4 802	3 406
External services, including:	180 857	122 751
costs of short-term leases and low value leases	469	463
Taxes and fees	2 354	1 530
Salaries and wages, social insurance and other benefits	202 548	150 649
Business travel	3 831	3 173
Cost of using company cars	268	238
Cost of goods for resale and materials sold	140 807	132 412
Costs of products and services sold	239 760	111 562
Other costs	1 673	2 971
Total	**790 870**	**542 520**
Selling expenses	243 796	189 551
Total administrative expenses, including:	166 507	108 995
costs of research projects	20 002	4 593
Cost of sales	380 567	243 974
Total	**790 870**	**542 520**

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

Note 3. Other operating income and expenses

Other operating income

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022*
Tax relief for innovative employees	16 344	-
Reversal of a write-down of expenditure on development projects in progress	21 531	-
Other sales	5 451	3 451
Release of unused provisions for costs	2 816	232
Subsidies	2 763	3 220
Rental income	2 571	6 644
Write-off of past liabilities of GOG.COM	1 246	3 668
Income from re-invoicing	790	757
Fixed assets and goods for resale received free of charge	168	432
Refund of overpaid tax on civil law transactions	94	-
Gains on disposal of non-current assets	75	270
Payments from enforcement officers	27	13
Settlement of the financial liabilities in respect of leases	-	602
Damages received	-	2
Other	164	152
Total other operating income	**54 040**	**19 443**

** restated data*

Other operating expenses

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022
Provision recorded for potential tax liability	3 746	-
Cost of rental	3 621	3 869
Cost of sales of other sales	3 307	4 147
Scrapping of property, plant and equipment items and intangible assets	3 163	1 045
Inventory write-downs	2 028	-
Write-down and write-off of minimum guarantee assets	1 912	1 126
Depreciation of investment properties	1 726	1 854
Donations and charity	880	1 349
Costs relating to re-invoicing	790	757
Scrapping of investment properties	737	-
Costs of projects written off	518	-
VAT written off	338	-
Cost of current assets written off	243	-
Cost of destruction of materials and goods for resale	227	3 172
Irrecoverable receivables	76	-
Impairment write-downs of property, plant and equipment, intangible assets and expenditure on development projects	-	34 286
Costs incurred on redevelopment of the car park	-	551
Provision for the uninsured portion of the US court settlement costs	-	126
Costs related to provisions for liabilities to game developers	-	391
Other	1 024	132
Total other operating expenses	**24 336**	**52 805**

(all amounts in PLN thousand, unless stated otherwise)

Note 4. Finance income and costs

Finance income

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022
Interest income	**48 007**	**43 337**
on current bank deposits	28 090	26 885
on bonds	19 653	16 230
on loans	264	222
Other finance income	**70 638**	**28 164**
release of write-downs of non-current financial assets	27 271	-
gains on disposal of bonds	2 259	22 752
forward contracts - Management Board	-	2
settlement and measurement of derivative financial instruments	40 768	5 397
other finance income	340	13
Total finance income	**118 645**	**71 501**

Finance costs

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022
Interest expense	**863**	**1 347**
on lease contracts	807	581
on bonds	18	269
on liabilities to the State Treasury	35	30
on potential liabilities to the State Treasury	-	467
on trade payables	3	-
Other finance costs	**48 330**	**54 316**
net foreign exchange losses	47 961	24 547
write-downs of non-current financial assets	-	27 271
settlement and measurement of derivative financial instruments	-	2 172
commission and fees on purchase of bonds	284	326
measurement of private equity interests in the gaming sector	85	-
Total finance costs	**49 193**	**55 663**
Net finance income/expense	**69 452**	**15 838**

(all amounts in PLN thousand, unless stated otherwise)

Note 5. Corporate income tax and deferred income tax

The main items of income tax expense for the years ended 31 December 2023 and 31 December 2022 are as follows:

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022*
Current income tax	**47 472**	**51 591**
For the financial year	27 512	19 165
Adjustments relating to prior years	(11 439)	151
Withholding tax paid abroad	31 399	32 275
Deferred income tax	**9 915**	**(5 557)**
Related to temporary differences arising and reversed	9 915	(5 557)
Income tax expense shown in the income statement	**57 387**	**46 034**
Effective tax rate	**10.66%**	**11.73%**

** restated data*

Deferred tax shown in the income statement is the difference between the balance of deferred tax provisions and assets as at the end and the beginning of the reporting periods.

(all amounts in PLN thousand, unless stated otherwise)

Current income tax

	01.01.2023 – 31.12.2023		01.01.2022 – 31.12.2022	
	Income from other sources of revenue	Income from capital gains	Income from other sources of revenue*	Income from capital gains
Profit/(loss) before tax	**489 801**	**48 691**	**411 412**	**(18 887)**
Income increasing the tax base	7 834	12 138	7 868	6 646
Income relating to subsequent periods	(75 277)	-	(34 296)	-
Non-taxable income	(88 644)	(18 619)	(11 111)	(10 359)
Income from advance payments disclosed for tax purposes	7 567	-	7 596	-
Costs reducing the tax base	(43 162)	-	(110 389)	-
Non-deductible costs	331 314	12	156 370	28 822
Profit/loss made by entities operating abroad	183	-	173	-
Taxable income	**629 616**	**42 222**	**427 623**	**6 222**
Deductions from income – loss	(8 553)	(42 222)	(8 553)	(6 180)
Deductions from income – donation and charity	(445)	-	(1 169)	-
Deductions from income – research and development relief	(83 478)	-	(39 504)	-
Deductions from income – tax-free income	(466)	-	(453)	-
Tax base, including:	**536 674**	**-**	**377 944**	**42**
tax base at 5% (profit)	**531 847**	**-**	**378 244**	**-**
tax base at 19% (profit)	**4 827**	**-**	**1 243**	**42**
tax base at 19% (loss)	**-**	**-**	**(1 543)**	**-**
Income tax calculated in Poland at 5%	26 593	-	18 912	-
Income tax calculated in Poland at 19%	917	-	237	8
Income tax calculated abroad	2	-	8	-
Income tax	**27 512**	**-**	**19 157**	**8**

** restated data*

The current portion of the income tax for Polish companies was determined at the corporate income tax rate of 19% for the tax base corresponding to income from other sources, and at the rate of 5% for the tax base corresponding to income from qualifying intellectual property rights (the so-called IP BOX), and in the case of the activities conducted in the USA by CD PROJEKT RED Inc., based on the applicable rates of the federal and state taxes.

(all amounts in PLN thousand, unless stated otherwise)

Deductible temporary differences underlying the deferred tax asset

	31.12.2022*	Differences affecting the deferred tax recognized in the profit or loss	31.12.2023
Provision for other employee benefits	2 382	2 620	5 002
Provision for costs of performance-related and other remuneration	49 565	248	49 813
Tax loss	5 467	(3 991)	1 476
Foreign exchange losses	7 573	30 823	38 396
Difference between the carrying amount and tax base of expenditure on development projects	34 836	(12 795)	22 041
Salaries and wages and social security payable in future periods	47	(24)	23
Deferred income in respect of virtual wallet top-ups and fringe benefit scheme	3 955	173	4 128
Other provisions	34 167	8 768	42 935
Tax base of leased non-current assets	20 697	316	21 013
Research and development relief	318 126	(96 402)	221 724
Prepayments recognized as revenue for tax purposes	7 523	(2 544)	4 979
Difference between the net carrying amounts and tax bases of property, plant and equipment and intangible assets	12	-	12
Measurement of forward contracts	892	(396)	496
Other	-	3 608	3 608
Total deductible differences, including:	**485 242**	**(69 596)**	**415 646**
taxed at 5%	72 663	57 832	130 495
taxed at 19%	411 344	(127 846)	283 498
deferred tax charged abroad	1 235	418	1 653
Deferred income tax asset	**82 140**	**(21 295)**	**60 845**

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

Taxable temporary differences underlying the deferred tax provision

	31.12.2022*	Differences affecting the deferred tax recognized in the profit or loss	31.12.2023
Difference between the net carrying amounts and tax bases of property, plant and equipment and intangible assets	17 780	4 301	22 081
Current period revenue invoiced in the subsequent period/accrued income	132 427	59 437	191 864
Foreign exchange gains	8 722	(7 297)	1 425
Difference between the carrying amount and tax base of expenditure on development projects	254 638	(205 836)	48 802
Carrying amount of leased non-current assets	20 844	219	21 063
Other	151	(7)	144
Total taxable differences, including:	**434 562**	**(149 183)**	**285 379**
taxed at 5%	382 911	(119 584)	263 327
taxed at 19%	50 214	(29 447)	20 767
deferred tax charged abroad	1 437	(152)	1 285
Deferred tax provision	**29 088**	**(11 614)**	**17 474**

** restated data*

The deferred portion of the income tax for the Polish companies 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 rights (the so-called IP BOX), and in the case of the activities conducted in the USA by CD PROJEKT RED Inc., based on the applicable rates of the federal and state taxes. 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

	31.12.2023	31.12.2022*
Deferred tax asset	60 845	82 140
Deferred tax provision	17 474	29 088

** restated data*

Note 6. Discontinued operations

The Group did not discontinue any operations in the current year or in the previous year.

Note 7. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares in issue, outstanding during the period. Diluted earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders of the Parent Company (net of interest on redeemable preference shares convertible to ordinary shares) by the weighted average number of ordinary shares in issue during the year (adjusted for the inflow of diluting options or warrants and diluting redeemable preference shares convertible into ordinary shares).

During the 12 months ended 31 December 2023, the diluting instruments comprised entitlements granted under the incentive plans, entitling the holder to take up shares in the Parent Company in the future. For information on the number of entitlements granted, see Note 39.

(all amounts in PLN thousand, unless stated otherwise)

Net profit and the number of shares underlying the calculation of earnings per share

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022*
Weighted average number of shares for the calculation of basic earnings per share (no. of units)	100 268 964	100 741 467
Weighted average number of shares for the calculation of diluted earnings per share (no. of units)	100 288 896	100 764 969
Net profit/(loss) shown for the purpose of calculating diluted earnings per share	481 105	346 491
Basic net earnings/(loss) per share	**4.80**	**3.44**
Diluted net earnings/(loss) per share	**4.80**	**3.44**

** restated data*

Note 8. Dividend paid (or declared) and received

On 6 June 2023, the Ordinary Shareholders Meeting of the Parent Company decided to set aside a portion of the Parent Company's net profit for 2022 for distribution to shareholders as dividend. In accordance with the adopted resolution, on 20 June 2023 the Parent Company paid out the total amount of PLN 99 910 510, i.e. PLN 1 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 treasury shares (860 290 shares).

Note 9. Disclosure of other comprehensive income items and their tax effect

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022*
Net profit/(loss)	**481 105**	**346 491**
Exchange differences on measurement of foreign operations	(3 106)	313
Measurement of bonds issued by foreign governments	4 138	(12 724)
Total comprehensive income	**482 137**	**334 080**
Total comprehensive income attributable to non-controlling interests	**-**	**-**
Total comprehensive income attributable to the parent company	**482 137**	**334 080**

** restated data*

Note 10. Property, plant and equipment

Ownership structure of property, plant and equipment

	31.12.2023	31.12.2022
Own assets	160 229	124 145
Used under lease contracts	22 809	21 107
Total	**183 038**	**145 252**

Property, plant and equipment with restricted legal title

	31.12.2023	31.12.2022
Used under lease contracts	22 809	21 107
Total	**22 809**	**21 107**

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

	31.12.2023	31.12.2022
Construction of an office building on the CD PROJEKT campus	83 292	-
Leasing of passenger cars	562	599
Total	**83 854**	**599**

(all amounts in PLN thousand, unless stated otherwise)

Changes in property, plant and equipment (by category) for the period 01.01.2023 - 31.12.2023

	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:	**1 424**	**29 881**	**2 867**	**34 511**	**934**	**2 411**	**21 256**	**93 284**
purchase	-	205	2	26 933	292	444	20 659	48 535
business combinations	-	52	-	737	-	64	-	853
lease contracts concluded	1 424	2 850	-	-	642	-	597	5 513
transfer from assets under construction	-	20 148	2 865	6 521	-	1 359	-	30 893
transfer from investment properties	-	6 577	-	316	-	-	-	6 893
reclassification	-	49	-	-	-	544	-	593
other	-	-	-	4	-	-	-	4
Decrease due to:	**-**	**4 721**	**865**	**2 631**	**508**	**35**	**30 953**	**39 713**
sale	-	-	-	498	136	-	-	634
scrapping	-	1 165	372	1 718	5	35	-	3 295
transfer from assets under construction	-	-	-	-	-	-	30 893	30 893
reclassification	-	-	493	99	-	-	60	652
lease contracts terminated	-	3 419	-	-	317	-	-	3 736
free of charge transfer	-	-	-	301	-	-	-	301
other	-	137	-	15	50	-	-	202
Gross carrying amount as at 31.12.2023	**41 859**	**107 457**	**3 927**	**90 736**	**3 677**	**8 152**	**18 392**	**274 200**
Accumulated depreciation as at 01.01.2023	**1 817**	**25 351**	**717**	**42 482**	**1 537**	**3 473**	**-**	**75 377**
Increase due to:	**585**	**7 937**	**205**	**12 886**	**620**	**1 107**	**-**	**23 340**
depreciation charge	585	6 947	205	12 259	620	1 050	-	21 666
transfer from investment properties	-	890	-	48	-	-	-	938
business combinations	-	21	-	579	-	51	-	651
reclassification	-	79	-	-	-	6	-	85
Decrease due to:	**-**	**4 347**	**211**	**2 583**	**379**	**35**	**-**	**7 555**
sale	-	-	-	497	57	-	-	554
scrapping	-	928	205	1 705	5	35	-	2 878
reclassification	-	-	6	79	-	-	-	85
lease contracts terminated	-	3 419	-	-	317	-	-	3 736
free of charge transfer	-	-	-	301	-	-	-	301
other	-	-	-	1	-	-	-	1
Accumulated depreciation as at 31.12.2023	**2 402**	**28 941**	**711**	**52 785**	**1 778**	**4 545**	**-**	**91 162**

(all amounts in PLN thousand, unless stated otherwise)

Impairment write-downs as at 01.01.2023	-	-	-	-	-	-	-	-
Impairment write-downs as at 31.12.2023	-	-	-	-	-	-	-	-
Net carrying amount as at 01.01.2023	**38 618**	**56 946**	**1 208**	**16 374**	**1 714**	**2 303**	**28 089**	**145 252**
Net carrying amount as at 31.12.2023	**39 457**	**78 516**	**3 216**	**37 951**	**1 899**	**3 607**	**18 392**	**183 038**

(all amounts in PLN thousand, unless stated otherwise)

Changes in property, plant and equipment (by category) for the period 01.01.2022 – 31.12.2022

	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 01.01.2022	**40 435**	**75 861**	**1 876**	**52 127**	**3 243**	**4 930**	**2 327**	**180 799**
Increase due to:	**-**	**7 777**	**277**	**9 645**	**1 356**	**1 026**	**27 030**	**47 111**
purchase	-	499	-	9 081	-	987	26 910	37 477
lease contracts concluded	-	6 831	4	-	1 347	-	-	8 182
transfer from assets under construction	-	239	-	37	-	39	-	315
transfer from investment properties	-	112	273	-	-	-	120	505
reclassification	-	-	-	81	-	-	-	81
free of charge receipt	-	-	-	431	-	-	-	431
other	-	96	-	15	9	-	-	120
Decrease due to:	**-**	**1 341**	**228**	**2 916**	**1 348**	**180**	**1 268**	**7 281**
sale	-	-	-	374	739	1	-	1 114
scrapping	-	816	228	2 308	609	98	24	4 083
transfer from assets under construction	-	-	-	-	-	-	315	315
reclassification	-	-	-	-	-	81	929	1 010
lease contracts terminated	-	525	-	-	-	-	-	525
other	-	-	-	234	-	-	-	234
Gross carrying amount as at 31.12.2022	**40 435**	**82 297**	**1 925**	**58 856**	**3 251**	**5 776**	**28 089**	**220 629**
Accumulated depreciation as at 01.01.2022	**1 250**	**19 797**	**558**	**35 145**	**1 792**	**2 669**	**-**	**61 211**
Increase due to:	**567**	**6 895**	**239**	**10 223**	**555**	**933**	**-**	**19 412**
depreciation charge	567	6 888	210	10 172	555	933	-	19 325
transfer from investment properties	-	7	29	-	-	-	-	36
reclassification	-	-	-	51	-	-	-	51
Decrease due to:	**-**	**1 341**	**80**	**2 886**	**810**	**129**	**-**	**5 246**
sale	-	-	-	363	739	1	-	1 103
scrapping	-	816	80	2 289	71	77	-	3 333
reclassification	-	-	-	-	-	51	-	51
lease contracts terminated	-	525	-	-	-	-	-	525
other	-	-	-	234	-	-	-	234
Accumulated depreciation as at 31.12.2022	**1 817**	**25 351**	**717**	**42 482**	**1 537**	**3 473**	**-**	**75 377**
Impairment write-downs as at 01.01.2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Impairment write-downs as at 31.12.2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net carrying amount as at 01.01.2022	**39 185**	**56 064**	**1 318**	**16 982**	**1 451**	**2 261**	**2 327**	**119 588**
Net carrying amount as at 31.12.2022	**38 618**	**56 946**	**1 208**	**16 374**	**1 714**	**2 303**	**28 089**	**145 252**

(all amounts in PLN thousand, unless stated otherwise)

Assets under construction

	01.01.2023	Expenditure incurred in the financial year	Reclassification of costs	Settlement of capital expenditure	31.12.2023
Redevelopment of the Jagiellońska 74 property	1 004	705	-	1 243	466
New office building Jagiellońska 74	1 613	15 683	-	25	17 271
Redevelopment of car park	25 220	3 879	43	29 056	-
Other	252	989	17	569	655
Total	**28 089**	**21 256**	**60**	**30 893**	**18 392**

	01.01.2022*	Expenditure incurred in the financial year	Reclassification of costs	Settlement of capital expenditure	31.12.2022*
Redevelopment of the Jagiellońska 74 property	325	968	61	228	1 004
New office building Jagiellońska 74	765	848	-	-	1 613
Redevelopment of car park	924	25 157	861	-	25 220
Other	313	57	7	111	252
Total	**2 327**	**27 030**	**929**	**339**	**28 089**

** restated data*

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

	31.12.2023			31.12.2022		
	Gross amount	Accumulated depreciation	Net amount	Gross amount	Accumulated depreciation	Net amount
Land	15 964	891	15 073	14 540	669	13 871
Real properties	12 910	6 852	6 058	14 332	8 735	5 597
Civil and hydraulic engineering facilities	-	-	-	99	99	-
Plant and machinery	48	28	20	-	-	-
Vehicles	2 227	550	1 677	2 264	625	1 639
Total	**31 149**	**8 321**	**22 828**	**31 235**	**10 128**	**21 107**

(all amounts in PLN thousand, unless stated otherwise)

Note 11. Intangible assets and expenditure on development projects

Changes in intangible assets and expenditure on development projects for the period 01.01.2023 – 31.12.2023

	Expenditure on dev. projects in progress	Expenditure on completed dev. projects	Trademarks	Patents and licenses	Copyrights	Computer software	Goodwill	Intangible assets under construction	Total
Gross carrying amount as at 01.01.2023	**249 244**	**930 087**	**33 199**	**4 160**	**18 469**	**50 078**	**56 438**	**172**	**1 341 847**
Increase due to:	**264 784**	**272 683**	**23**	**1 447**	**239**	**1 125**	**-**	**4 429**	**544 730**
purchase	-	-	-	1 447	209	670	-	3 416	5 742
internally generated assets	264 784	-	-	-	-	-	-	1 013	265 797
transfer from intangible assets under construction	-	-	-	-	-	343	-	-	343
reclassification from expenditure on development projects in progress	-	272 683	-	-	-	-	-	-	272 683
business combinations	-	-	23	-	25	71	-	-	119
reclassification	-	-	-	-	5	41	-	-	46
Decrease due to:	**287 272**	**-**	**-**	**46**	**-**	**4 552**	**-**	**360**	**292 230**
scrapping	2 745	-	-	-	-	4 552	-	-	7 297
utilization of impairment write-downs	11 844	-	-	-	-	-	-	-	11 844
transfer from intangible assets under construction	-	-	-	-	-	-	-	343	343
transfer from expenditure on development projects in progress	272 683	-	-	-	-	-	-	-	272 683
reclassification	-	-	-	46	-	-	-	16	62
other	-	-	-	-	-	-	-	1	1
Gross carrying amount as at 31.12.2023	**226 756**	**1 202 770**	**33 222**	**5 561**	**18 708**	**46 651**	**56 438**	**4 241**	**1 594 347**
Accumulated amortization as at 01.01.2023	**-**	**657 011**	**-**	**2 767**	**301**	**33 853**	**-**	**-**	**693 932**
Increase due to:	**-**	**231 557**	**-**	**1 658**	**549**	**3 748**	**-**	**-**	**237 512**
amortization charge	-	231 557	-	1 658	524	3 681	-	-	237 420
business combinations	-	-	-	-	25	67	-	-	92
Decrease due to:	**-**	**-**	**-**	**-**	**-**	**4 551**	**-**	**-**	**4 551**
scrapping	-	-	-	-	-	4 551	-	-	4 551
Accumulated amortization as at 31.12.2023	**-**	**888 568**	**-**	**4 425**	**850**	**33 050**	**-**	**-**	**926 893**

(all amounts in PLN thousand, unless stated otherwise)

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 31.12.2023	**-**	**13 776**	**-**	**-**	**-**	**-**	**-**	**-**	**13 776**
Net carrying amount as at 01.01.2023	**215 869**	**259 300**	**33 199**	**1 393**	**18 168**	**16 225**	**56 438**	**172**	**600 764**
Net carrying amount as at 31.12.2023	**226 756**	**300 426**	**33 222**	**1 136**	**17 858**	**13 601**	**56 438**	**4 241**	**653 678**

(all amounts in PLN thousand, unless stated otherwise)

Changes in intangible assets and expenditure on development projects for the period 01.01.2022 – 31.12.2022*

	Expenditure on dev. projects in progress	Expenditure on completed dev. projects	Trademarks	Patents and licenses	Copyrights	Computer software	Goodwill	Intangible assets under construction	Total
Gross carrying amount as at 01/01/2022	**95 169**	**841 986**	**33 199**	**2 154**	**18 331**	**36 018**	**56 438**	**19**	**1 083 314**
Increase due to:	**263 292**	**88 101**	**-**	**2 480**	**138**	**14 073**	**-**	**583**	**368 667**
purchase	-	-	-	2 480	30	13 599	-	583	16 692
internally generated assets	263 292	-	-	-	-	-	-	-	263 292
transfer from intangible assets under construction	-	-	-	-	108	-	-	-	108
reclassification from expenditure on development projects in progress	-	88 101	-	-	-	-	-	-	88 101
reclassification	-	-	-	-	-	474	-	-	474
Decrease due to:	**109 217**	**-**	**-**	**474**	**-**	**13**	**-**	**430**	**110 134**
scrapping	283	-	-	-	-	13	-	-	296
utilization of impairment write-downs	20 806	-	-	-	-	-	-	-	20 806
transfer from intangible assets under construction	-	-	-	-	-	-	-	108	108
transfer from expenditure on development projects in progress	88 101	-	-	-	-	-	-	-	88 101
reclassification	27	-	-	474	-	-	-	322	823
Gross carrying amount as at 31.12.2022	**249 244**	**930 087**	**33 199**	**4 160**	**18 469**	**50 078**	**56 438**	**172**	**1 341 847**
Accumulated amortization as at 01.01.2022	**-**	**552 378**	**-**	**1 928**	**173**	**29 227**	**-**	**-**	**583 706**
Increase due to:	**-**	**104 633**	**-**	**839**	**128**	**4 626**	**-**	**-**	**110 226**
amortization charge	-	104 633	-	839	128	4 626	-	-	110 226
Decrease	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Accumulated amortization as at 31.12.2022	**-**	**657 011**	**-**	**2 767**	**301**	**33 853**	**-**	**-**	**693 932**
Impairment write-downs as at 01.01.2022	**20 806**	**13 776**	**-**	**-**	**-**	**-**	**-**	**-**	**34 582**
Increase due to:	**33 375**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**33 375**
impairment	33 375	-	-	-	-	-	-	-	33 375
Decrease due to:	**20 806**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20 806**
release of write-downs (write-off)	20 806	-	-	-	-	-	-	-	20 806
Impairment write-downs as at 31.12.2022	**33 375**	**13 776**	**-**	**-**	**-**	**-**	**-**	**-**	**47 151**
Net carrying amount as at 01.01.2022	**74 363**	**275 832**	**33 199**	**226**	**18 158**	**6 791**	**56 438**	**19**	**478 802**
Net carrying amount as at 31.12.2022	**215 869**	**259 300**	**33 199**	**1 393**	**18 168**	**16 225**	**56 438**	**172**	**600 764**

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

Intangible assets – ownership structure

	31.12.2023	31.12.2022
Own assets	70 058	68 737
Used under lease contracts	-	420
Total	**70 058**	**69 157**

Intangible assets under construction

	01.01.2023	Expenditure incurred in the financial year	Reclassification of costs	Settlement of capital expenditure	31.12.2023
Financial analysis system	172	2 544	-	343	2 373
System for financial consolidation	-	681	16	-	665
ERP system	-	197	-	-	197
e-Nova system	-	1 006	-	-	1 006
Total	**172**	**4 428**	**16**	**343**	**4 241**

	01.01.2022	Expenditure incurred in the financial year	Reclassification of costs	Settlement of capital expenditure	31.12.2022
Financial analysis system	11	161	-	-	172
Document flow system	8	-	8	-	-
System for virtualization and cloud computing	-	314	314	-	-
cdprojektred.com website	-	108	-	108	-
Total	**19**	**583**	**322**	**108**	**172**

Amounts of contractual commitments to purchase intangible assets in the future

None.

Intangible assets – restriction on disposal

None.

(all amounts in PLN thousand, unless stated otherwise)

Note 12. Goodwill

Goodwill recognized in business combinations and acquisitions

	CD Projekt Red sp. z o.o.	Strange New Things business	Total
Gross carrying amount as at 01.01.2023	**46 417**	**10 021**	**56 438**
Gross carrying amount as at 31.12.2023	**46 417**	**10 021**	**56 438**
Impairment write-downs as at 01.01.2023	**-**	**-**	**-**
Impairment write-downs as at 31.12.2023	**-**	**-**	**-**
Net carrying amount as at 01.01.2023	**46 417**	**10 021**	**56 438**
Net carrying amount as at 31.12.2023	**46 417**	**10 021**	**56 438**

Impairment tests of goodwill require estimating the value in use of the cash-generating unit. In estimating the value in use, the Parent Company prepared forecasts of the future cash flows to be generated by the cash-generating unit and determined the discount rate to be applied to calculate the present value of these cash flows. The Parent Company performed the most recent impairment test of goodwill as at 31 December 2023. The Parent Company identified no impairment of goodwill.

Note 13. Investment properties

The Parent Company owns a real estate complex located at ul. Jagiellońska 74 and 76 in Warsaw. Given that a part of the properties purchased is leased out to third parties, including CD PROJEKT Group companies, the Group decided to partly classify these properties as investment properties. The remaining part of the property is used for own needs of the activities conducted.

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

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

(all amounts in PLN thousand, unless stated otherwise)

Changes in investment properties

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022
Gross carrying amount as at the beginning of the period	**47 946**	**48 169**
Increase due to:	**124**	**282**
capitalized expenditure	124	282
Decrease due to:	**7 757**	**505**
scrapping	864	-
reclassification to other asset categories	6 893	505
Gross carrying amount as at the end of the period	**40 313**	**47 946**
Accumulated depreciation as at the beginning of the period	**5 386**	**3 535**
Increase due to:	**1 747**	**1 887**
depreciation charge	1 747	1 887
Decrease due to:	**1 065**	**36**
scrapping	127	-
reclassification to other asset categories	938	36
Accumulated depreciation as at the end of the period	**6 068**	**5 386**
Impairment write-downs as at the beginning of the period	**-**	**-**
Increase	**-**	**-**
Decrease	**-**	**-**
Impairment write-downs as at the end of the period	**-**	**-**
Net carrying amount as at the end of the period	**34 245**	**42 560**

Amounts of contractual liabilities in respect of purchase of investment properties

None.

Note 14. Shares in non-consolidated subordinated entities

Investments in subordinated entities measured at cost

	31.12.2023	31.12.2022
Shares in subordinated entities – subsidiaries	38 095	41 607
Total	**38 095**	**41 607**

(all amounts in PLN thousand, unless stated otherwise)

Changes in investments in subsidiaries

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022
As at the beginning of the period	**41 607**	**38 520**
Increase due to:	**32 442**	**30 434**
acquisition/formation of an entity	5 057	67
release of write-downs	27 271	-
equity element of the incentive plan	114	-
payments towards increasing the share capital of a subsidiary	-	28 318
foreign exchange differences	-	2 049
Decrease due to:	**35 954**	**27 347**
accounting for a business combination	32 854	-
disposal of a subsidiary/shares in a subsidiary	-	76
impairment write-downs recorded	-	27 271
equity element of the incentive plan	20	-
foreign exchange differences	3 080	-
As at the end of the period	**38 095**	**41 607**

Investments in subsidiaries as at 31.12.2023

	CD PROJEKT RED Vancouver Studio Ltd.	The Molasses Flood LLC	CD PROJEKT SILVER Inc.
Registered office	Vancouver	Boston, Waltham	Los Angeles, Venice
Percent of shares held as at 31.12.2023	100%	81.82%	100%
Percent of votes held as at 31.12.2023	100%	81.82%	100%
Equity investment	10 082	27 953	60

Investments in subsidiaries as at 31.12.2022

	Spokko sp. z o.o.	CD PROJEKT RED Vancouver Studio Ltd.	The Molasses Flood LLC	CD Projekt Silver Inc.
Registered office	Warsaw	Vancouver	Boston, Waltham	Los Angeles, Venice
Percent of shares held as at 31.12.2022	87.6%	100%	60%	100%
Percent of votes held as at 31.12.2022	87.6%	100%	60%	100%
Equity investment	5 143	9 987	26 411	66

(all amounts in PLN thousand, unless stated otherwise)

Note 15. Other financial assets

	31.12.2023	31.12.2022
Loans granted	3 225	739
Bonds	793 200	475 848
Derivative financial instruments	18 683	7 809
Private equity interests in the gaming sector	3 518	2 556
Other financial assets, including:	**818 626**	**486 952**
current	362 719	279 515
non-current	455 907	207 437

In 2023, CD PROJEKT S.A. did not conclude any new loan agreements.

Under the loan agreement dated 16 September 2022, a loan of USD 1 150 thousand was granted to The Molasses Flood LLC. The agreement provides for the loan to be disbursed and repaid in tranches. On 2 November 2022, the first tranche of USD 166 thousand was paid out. The remaining tranches totalling USD 984 thousand were paid in 2023, as follows: USD 430 thousand in Q1 and USD 554 thousand in Q2. In 2023, The Molasses Flood LLC started repaying the loan. To date, the company has repaid USD 350 thousand, as follows: USD 200 thousand in Q3 and USD 150 thousand in Q4. The interest rate on the loan granted is determined based on a variable rate, namely the 90-day Average SOFR, updated quarterly, plus a margin updated annually (in 2023, the margin was 2.4 pp). According to the agreement, the loan should be repaid by 31 March 2025.

In accordance with the internally adopted rules on diversification of investment of current cash surpluses, the Parent Company has the possibility of holding in debt securities up to 80% of the present value of financial resources defined as the sum of the total amount of: cash and cash equivalents, bank deposits of more than 3 months, bonds of the State Treasury of the Republic of Poland, bonds secured by a guarantee of the State Treasury of the Republic of Poland, bonds of foreign governments and bonds secured by a guarantee of foreign governments together with concluded forward hedging transactions. Of the debt securities referred to above, the Company may acquire domestic Treasury bonds of the Republic of Poland, domestic bonds secured with a guarantee of the State Treasury of the Republic of Poland, foreign Treasury bonds issued by countries with a rating no lower than Aa3 according to Moody's rating agency and foreign bonds secured with a guarantee of countries with a rating no lower than Aa3 according to Moody's rating agency. For more information on the bond portfolio held, see Financial risk management objectives and policies - Liquidity and credit risk.

Note 16. Inventories

	31.12.2023	31.12.2022
Goods for resale	5 600	12 697
Other materials	4	4
Gross inventories	**5 604**	**12 701**
Inventory write-downs	2 028	-
Net inventories	**3 576**	**12 701**

Changes in inventory write-downs

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022
Write-downs of finished products as at the beginning of the period	**-**	**-**
Increases, including:	**2 028**	**-**
recognition of write-downs against other operating expenses	2 028	-
Decrease	**-**	**-**
Write-downs of finished products as at the end of the period	**2 028**	**-**

Inventories put up as collateral

Not applicable.

(all amounts in PLN thousand, unless stated otherwise)

Note 17. Trade receivables

	31.12.2023	31.12.2022
Trade receivables, gross	**193 599**	**165 376**
Write-downs	**79**	**86**
Trade receivables	**193 520**	**165 290**
from related entities	1 586	860
from other entities	191 934	164 430

Changes in write-downs of trade receivables

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022
OTHER ENTITIES		
Write-downs as at the beginning of the period	**86**	**79**
Increases, including:	**7**	**18**
write-downs recognized for past-due and disputed receivables	7	18
Decreases, including:	**14**	**11**
release of write-downs	14	11
Write-downs as at the end of the period	**79**	**86**

(all amounts in PLN thousand, unless stated otherwise)

Current and overdue trade receivables as at 31.12.2023

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
RELATED ENTITIES							
gross receivables	1 586	1 586	-	-	-	-	-
default ratio		0%	0%	0%	0%	0%	0%
write-down resulting from the ratio	-	-	-	-	-	-	-
write-down determined individually	-	-	-	-	-	-	-
total expected credit losses	-	-	-	-	-	-	-
Net receivables	**1 586**	**1 586**	**-**	**-**	**-**	**-**	**-**

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	192 013	188 417	3 504	1	12	-	79
default ratio		0%	0%	0%	0%	0%	0%
write-down resulting from the ratio	-	-	-	-	-	-	-
write-down determined individually	79	-	-	-	-	-	79
total expected credit losses	79	-	-	-	-	-	79
Net receivables	**191 934**	**188 417**	**3 504**	**1**	**12**	**-**	**-**
Total							
gross receivables	193 599	190 003	3 504	1	12	-	79
impairment write-downs	79	-	-	-	-	-	79
Net receivables	**193 520**	**190 003**	**3 504**	**1**	**12**	**-**	**-**

(all amounts in PLN thousand, unless stated otherwise)

Current and overdue trade receivables as at 31.12.2022

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
RELATED ENTITIES							
gross receivables	860	860	-	-	-	-	-
default ratio		0%	0%	0%	0%	0%	0%
write-down resulting from the ratio	-	-	-	-	-	-	-
write-down determined individually	-	-	-	-	-	-	-
total expected credit losses	-	-	-	-	-	-	-
Net receivables	**860**	**860**	**-**	**-**	**-**	**-**	**-**

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	164 516	164 032	398	-	-	-	86
default ratio		0%	0%	0%	0%	0%	0%
write-down resulting from the ratio	-	-	-	-	-	-	-
write-down determined individually	86	-	-	-	-	-	86
total expected credit losses	86	-	-	-	-	-	86
Net receivables	**164 430**	**164 032**	**398**	**-**	**-**	**-**	**-**

Total							
gross receivables	165 376	164 892	398	-	-	-	86
impairment write-downs	86	-	-	-	-	-	86
Net receivables	**165 290**	**164 892**	**398**	**-**	**-**	**-**	**-**

(all amounts in PLN thousand, unless stated otherwise)

Trade receivables – by currency

	31.12.2023		31.12.2022	
	Value in foreign currency	Value in PLN	Value in foreign currency	Value in PLN
PLN*	179 905	179 905	131 175	131 175
USD	2 653	10 488	7 075	31 144
EUR	470	2 043	314	1 474
GBP	58	289	36	190
BRL	302	245	262	218
CAD	71	212	251	816
AUD	54	146	34	103
CHF	14	64	9	43
SEK	160	63	116	49
DKK	68	40	43	27
NOK	65	25	46	21
CNY	-	-	47	30
JPY	-	-	7	-
Total		**193 520**		**165 290**

** Under receivables in PLN, the Group also recognizes amounts receivable in respect of licence reports received for the current period expressed in foreign currencies and invoiced in subsequent periods and charged to the current period directly in PLN.*

Note 18. Other receivables

	31.12.2023	31.12.2022*
Other gross receivables, including:	**58 124**	**58 260**
tax receivables, other than corporate income tax	51 151	43 558
prepayments for inventories	3 768	6 940
prepayments for development projects	2 173	1 433
security deposits	658	1 071
provisions for sales revenue - prepayments	249	137
prepayments for property, plant and equipment and intangible assets	77	135
settlements with employees	29	-
settlements with members of the Management Board	3	2
settlements with suppliers of property, plant and equipment items	-	4 160
settlements with payment operators	-	7
other	16	817
Write-downs	**-**	**732**
Other receivables, including:	**58 124**	**57 528**
current	57 741	57 139
non-current	383	389

** restated data*

Other tax receivables, other than corporate income tax, also include withholding tax in the amount of PLN 30 406 thousand to be deducted by the Group companies in their annual CIT returns after obtaining certificates from foreign counterparties confirming their payment of tax abroad.

(all amounts in PLN thousand, unless stated otherwise)

	31.12.2023	31.12.2022
Other gross receivables	**58 124**	**58 260**
Write-downs	**-**	**732**
Other receivables	**58 124**	**57 528**
from related entities	3	995
from other entities	58 121	56 533

Changes in write-downs of other receivables

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022
OTHER ENTITIES		
Write-downs as at the beginning of the period	**732**	**732**
Increase	**-**	**-**
Decreases, including:	**732**	**-**
release of write-downs (write-off)	732	-
Write-downs as at the end of the period	**-**	**732**

Other receivables claimed in court

	31.12.2023	31.12.2022
Other receivables in court	-	732
Write-downs of disputed receivables	-	732
Net other receivables claimed in court	**-**	**-**

Other receivables – by currency

	31.12.2023		31.12.2022	
	Value in foreign currency	Value in PLN	Value in foreign currency	Value in PLN
PLN*	53 765	53 765	49 805	49 805
USD	891	3 540	1 474	5 598
EUR	121	526	126	591
CNY	335	197	18	11
CHF	8	38	8	39
JPY	1 092	30	1 109	37
BRL	26	21	17	14
RUB	163	5	-	-
AUD	-	1	-	-
SEK	3	1	2	1
CAD	-	-	303	1 004
GBP	-	-	82	428
NOK	1	-	1	-
Total		**58 124**		**57 528**

** Receivables in PLN comprise, among others, receivables in respect of withholding tax deducted by foreign counterparties in foreign currencies and remaining to be settled with the local Tax Office in the annual corporate income tax return.*

(all amounts in PLN thousand, unless stated otherwise)

Trade and other receivables from related entities

	31.12.2023	31.12.2022
Receivables from related entities, gross	**1 589**	**1 855**
trade	1 586	860
other	3	995
Write-downs	-	-
Receivables from related entities, net	**1 589**	**1 855**

Note 19. Prepayments and deferred costs

	31.12.2023	31.12.2022*
Minimum guarantees, advance payments and prepayments GOG.COM	53 539	41 457
Software, licenses	9 487	6 186
Costs of future marketing services	1 456	1 597
Fees for pre-emptive rights	1 164	1 271
Property and personal insurance	1 067	785
Costs of repairs and maintenance	809	1 142
Costs of IT security resources	401	380
Staff relocation costs	343	39
Business travel (tickets, hotels, insurance)	281	85
Costs in connection with redevelopment of the car park	260	260
Domains, servers	72	235
Other prepayments and deferred costs	899	523
Prepayments and deferred costs, including:	**69 778**	**53 960**
current	27 872	22 886
non-current	41 906	31 074

** restated data*

Note 20. Cash and cash equivalents

	31.12.2023	31.12.2022
Cash in hand and at bank:	**8 464**	**12 559**
cash in the local currency	1	1
current bank accounts	8 463	12 558
Cash equivalents:	**169 590**	**265 268**
cash in transit	-	105
overnight deposits	12 501	7 512
short-term deposits maturing within 3 months	156 320	257 320
cash in investment accounts	769	331
Total	**178 054**	**277 827**

Restricted cash and cash equivalents

Not applicable.

(all amounts in PLN thousand, unless stated otherwise)

Note 21. Share capital

Share capital – structure as at 31.12.2023

Series	Number of shares in pcs.	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, amongst others, resolutions concerning a decrease in the share capital and redemption of 860 290 treasury shares previously acquired by the Parent Company with a view to their redemption as part of the buyout between 5 and 24 October 2022 for the total amount of PLN 99 943 thousand. The contents of the resolutions passed by the Extraordinary General Meeting are available on the Parent Company's website.

On 26 June 2023, in connection with the resolutions passed, the District Court for the Capital City of Warsaw in Warsaw entered a decrease in the Parent Company's share capital of PLN 860 290 and redemption of 860 290 treasury shares of the Parent Company in the Register of Businesses.

As a result, 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 – 31.12.2023	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 treasury shares	860	-
As at the end of the period	**99 911**	**100 771**

Note 22. Treasury shares

Purchase of treasury shares

During the reporting period and by the date of publication of these financial statements, no treasury shares were purchased.

Redemption of treasury shares

During 2023, the redemption of treasury shares discussed in Note 21 took place.

Note 23. Other reserves

	31.12.2023	31.12.2022
Supplementary capital	1 714 604	1 567 325
Share premium	116 700	116 700
Revaluation reserve	(3 803)	(7 941)
Treasury shares	-	(99 993)
Other reserves – incentive plan	26 972	10 196
Total	**1 854 473**	**1 586 287**

(all amounts in PLN thousand, unless stated otherwise)

Change in other reserves

	Supplementary capital	Share premium	Treasury shares	Revaluation reserve	Other reserve capital	Other reserves – incentive plan	Total
As at 01.01.2023	**1 567 325**	**116 700**	**(99 993)**	**(7 941)**	**-**	**10 196**	**1 586 287**
Increase due to:	**246 412**	**-**	**99 993**	**4 138**	**-**	**18 548**	**369 091**
redemption of treasury shares	-	-	99 993	-	-	-	99 993
appropriation of the net profit/offset of loss	246 412	-	-	-	-	-	246 412
the equity element of the incentive plan	-	-	-	-	-	18 548	18 548
total comprehensive income	-	-	-	4 138	-	-	4 138
Decrease due to:	**99 133**	**-**	**-**	**-**	**-**	**1 772**	**100 905**
redemption of treasury shares	99 133	-	-	-	-	-	99 133
the equity element of the incentive plan	-	-	-	-	-	1 772	1 772
As at 31.12.2023	**1 714 604**	**116 700**	**-**	**(3 803)**	**-**	**26 972**	**1 854 473**

(all amounts in PLN thousand, unless stated otherwise)

	Supplementary capital	Share premium	Treasury shares	Revaluation reserve	Other reserve capital	Other reserves – incentive plan	Total
As at 01.01.2022	**1 425 647**	**115 909**	**-**	**4 783**	**35 741**	**7 470**	**1 589 550**
Increase due to:	**172 485**	**791**	**-**	**-**	**-**	**4 938**	**178 214**
share-based payments	1 549	791	-	-	-	-	2 340
appropriation of the net profit/ offset of loss	135 195	-	-	-	-	-	135 195
release of reserve capital from previous years created for share buybacks	35 741	-	-	-	-	-	35 741
the equity element of the incentive plan	-	-	-	-	-	4 938	4 938
Decrease due to:	**30 807**	**-**	**99 993**	**12 724**	**35 741**	**2 212**	**181 477**
purchase of treasury shares for redemption	-	-	99 993	-	-	-	99 993
appropriation of the net profit/offset of loss	30 807	-	-	-	-	-	30 807
release of reserve capital from previous years created for share buybacks	-	-	-	-	35 741	-	35 741
share-based payments	-	-	-	-	-	1 548	1 548
the equity element of the incentive plan	-	-	-	-	-	664	664
total comprehensive income	-	-	-	12 724	-	-	12 724
As at 31.12.2022	**1 567 325**	**116 700**	**(99 993)**	**(7 941)**	**-**	**10 196**	**1 586 287**

(all amounts in PLN thousand, unless stated otherwise)

Note 24. Retained earnings / (Accumulated losses)

	31.12.2023	31.12.2022*
Retained earnings / (Accumulated losses)	(3 818)	(3 987)
Retained earnings / (Accumulated losses) of the acquired entity	(26 979)	-
Total	**(30 797)**	**(3 987)**

** restated data*

Change in retained earnings / (accumulated losses)

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022*
As at the beginning of the period	**(3 987)**	**(6 432)**
Corrections of errors	(1 938)	(1 336)
Retained earnings / (accumulated losses), as adjusted	**(5 925)**	**(7 768)**
Increase due to:	**348 429**	**208 908**
appropriation of profit / (loss) from previous years	348 429	208 908
Decrease due to:	**373 301**	**205 127**
payment of dividend	99 911	100 739
transfer to supplementary capital	246 412	104 388
retained earnings of the acquired entity	26 978	-
As at the end of the period	**(30 797)**	**(3 987)**

** restated data*

Note 25. Equity attributable to non-controlling shareholders

None.

Note 26. Loans and borrowings

None.

Note 27. Other financial liabilities

	31.12.2023	31.12.2022
Lease liabilities	23 306	20 967
Liabilities measured at fair value through profit or loss	495	891
Deferred payment liabilities related to purchase of shares in a subsidiary	3 121	6 603
Total financial liabilities	**26 922**	**28 461**
Current, including:	**6 884**	**9 578**
up to one month	907	188
from one to three months	3 613	977
from three months to one year	2 364	8 413
Non-current, including:	**20 038**	**18 883**
from 1 to 5 years	5 084	5 171
more than 5 years	14 954	13 712

(all amounts in PLN thousand, unless stated otherwise)

As a lessee, the Group is potentially exposed to future cash outflows that are not included in the measurement of lease liabilities, comprising:

- with regard to the contracts indicated in Note 33, the subject matter of which are plots of land located at ul. Jagiellońska 74 and 76, constituting, in fact, rights of perpetual usufruct of land – variable lease payments resulting from updating the annual fee for perpetual usufruct of land, meaning a change to the existing fee amount in order to adjust it to the current value of the property or in order to determine the appropriate rate at which the fee is calculated;
- with regard to the contract indicated in Note 33, the subject matter of which is office space in a building in Kraków, which is, in fact, a rental contract – variable lease payments resulting from the building owner's right to index the amount of fees for the use of the premises based on the consumer price index;
- with regard to the contract indicated in Note 33, the subject matter of which is office space in a building in Wrocław, which is, in fact, a rental contract – variable lease payments resulting from the building owner's right to index the amount of fees for the use of the premises based on the consumer price index.

Note 28. Other non-current liabilities

	31.12.2023	31.12.2022
Other non-current liabilities, including:	**2 494**	**2 620**
liabilities in respect of marketing costs	1 322	1 456
liabilities in respect of pre-emptive rights	1 058	1 164
security deposits received	114	-

Other non-current liabilities – by maturity

	31.12.2023	31.12.2022
Other non-current liabilities, including:	**2 494**	**2 620**
payable after one to three years	779	720
payable after three to five years	480	480
payable after five years	1 235	1 420

Other non-current liabilities – by currency

	31.12.2023		31.12.2022	
	Value in foreign currency	Value in PLN	Value in foreign currency	Value in PLN
PLN	2 494	2 494	2 620	2 620
Total		**2 494**		**2 620**

(all amounts in PLN thousand, unless stated otherwise)

Note 29. Trade payables

	31.12.2023	31.12.2022
Trade payables, including:	**58 835**	**72 119**
to related entities	3 300	2 575
to other entities	55 535	69 544

Trade payables – ageing analysis

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
As at 31.12.2023	**58 835**	**58 468**	**319**	**-**	**2**	**20**	**26**
to related entities	3 300	3 300	-	-	-	-	-
to other entities	55 535	55 168	319	-	2	20	26

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
As at 31.12.2022	**72 119**	**68 092**	**1 220**	**95**	**128**	**270**	**2 314**
to related entities	2 575	2 575	-	-	-	-	-
to other entities	69 544	65 517	1 220	95	128	270	2 314

Trade payables – by currency

	31.12.2023		31.12.2022	
	Value in foreign currency	Value in PLN	Value in foreign currency	Value in PLN
USD	11 256	44 290	10 698	47 089
PLN	7 869	7 869	20 295	20 295
EUR	981	4 267	752	3 528
CAD	522	1 549	-	-
GBP	74	369	25	133
JPY	11 854	329	9 921	330
CNY	261	145	1 088	691
KRW	5 500	17	-	-
RUB	6	-	854	53
KZT	-	-	7	-
Total		**58 835**		**72 119**

(all amounts in PLN thousand, unless stated otherwise)

Note 30. Other current liabilities

	31.12.2023	31.12.2022
Taxes (other than corporate income tax), customs duties, social security and other payables	**14 613**	**9 547**
VAT	7 364	5 302
Withholding tax	470	32
Personal income tax	3 614	1 944
Social security contributions	2 798	2 043
PFRON (State Fund for Rehabilitation of Disabled People)	84	75
PIT-8AR (personal income tax) settlements	283	134
Other	-	17
Other liabilities	**588**	**697**
Wages and salaries payable	9	-
Other settlements with employees	103	241
Other settlements with members of the Management Board	1	32
Prepayments received from foreign customers	84	8
Other liabilities	391	416
Total other current liabilities	**15 201**	**10 244**

Other current liabilities – ageing analysis

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
As at 31.12.2023	**15 201**	**14 887**	**110**	**-**	**-**	**1**	**203**
to related entities	4	3	1	-	-	-	-
to other entities	15 197	14 884	109	-	-	1	203

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
As at 31.12.2022	**10 244**	**9 782**	**258**	**1**	**-**	**203**	**-**
to related entities	120	88	32	-	-	-	-
to other entities	10 124	9 694	226	1	-	203	-

(all amounts in PLN thousand, unless stated otherwise)

Other current liabilities – by currency

	31.12.2023		31.12.2022	
	Value in foreign currency	Value in PLN	Value in foreign currency	Value in PLN
PLN	7 720	7 720	4 870	4 870
EUR	1 064	4 715	709	3 350
USD	286	1 161	142	637
GBP	92	462	76	411
CAD	99	300	68	231
AUD	80	214	64	194
RUB	3 103	163	3 104	163
SEK	475	183	361	156
DKK	220	130	160	102
NOK	225	86	180	82
JPY	195	5	156	5
CHF	13	62	9	43
Total		**15 201**		**10 244**

Note 31. Social assets and the Company's Social Fund liabilities

Not applicable.

Note 32. Contingent liabilities

Bills of exchange payable in respect of loans received

Not applicable.

(all amounts in PLN thousand, unless stated otherwise)

Contingent liabilities in respect of granted guarantees, sureties and collateral

	Specification	Currency	31.12.2023	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
Mazovian Unit for Implementation of EU Programmes				
Contractual commitment	Commitment to incur operating and renovation expenditures on leased space	PLN	-	20
National Centre for Research and Development				
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	165	314
Santander Bank Polska S.A. (formerly: 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
BNP Paribas Bank Polska S.A.				
Bill of exchange agreement	Framework agreement on financial market transactions	PLN	26 600	26 600

(all amounts in PLN thousand, unless stated otherwise)

Note 33. Lease and sublease contracts

Information on the depreciation of leased assets is presented in Note 2. Interest expense on lease contracts is presented in Note 4. Information on additions to right-of-use assets and the carrying value of right-of-use assets as at the end of the reporting period by category of an underlying asset is presented in Note 10. Note 50 provides information on the total cash outflows from leases.

Lease liabilities

Present value of payments	31.12.2023	31.12.2022
Within one month	407	187
From one to three months	484	623
From three months to one year	2 431	1 274
From 1 to 5 years	5 029	5 171
More than 5 years	14 955	13 712
Present value of lease payments, including:	**23 306**	**20 967**
current	3 322	2 084
non-current	19 984	18 883

Gross lease commitments (before deduction of finance costs)

	31.12.2023	31.12.2022
Within one month	485	276
From one to three months	627	893
From three months to one year	2 962	1 688
From 1 to 5 years	6 860	6 977
More than 5 years	26 151	24 006
Total	**37 085**	**33 840**
current	4 074	2 857
non-current	33 011	30 983

Income received through subleasing right-of-use assets

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022
Revenue	31	39
Costs	31	39
Income	**-**	**-**

(all amounts in PLN thousand, unless stated otherwise)

Lease and sublease contracts as at 31.12.2023

Leased assets	Lessor	Contract no.	Cost	Opening balance (currency)	Currency	Agreement expiry date	Liabilities as at the balance sheet date	Terms of extension or possibility of purchase
Lease contracts								
Passenger car	Pekao Leasing Sp. z o.o.	37/1991/21	614	614	PLN	2023-12-14	150	The lessee has the right to purchase the subject matter of the lease - according to the contract, the net residual value is PLN 135 thousand.
Passenger car	Pekao Leasing Sp. z o.o.	44/0285/23	535	535	PLN	2026-01-12	328	The lessee has the right to purchase the subject matter of the lease - according to the contract, the net residual value is PLN 91 thousand.
Passenger car	Pekao Leasing Sp. z o.o.	44/0010/23 with subsequent annexes	576	576	PLN	2025-05-12	288	The lessee has the right to purchase the subject matter of the lease - according to the contract, the net residual value is PLN 102 thousand.
Passenger car	Sobiesław Zasada Automotive Sp. z o.o. Spółka jawna	L4 10439	622	622	PLN	2024-11-15	261	The lessee has the right to purchase the subject matter of the lease - according to the contract, the net residual value is PLN 134 thousand.
Passenger car	Tesla Financial	RN119460449-1689353431	465	118	USD	2026-08-16	175	The lessee has the right to purchase the subject matter of the lease - according to the contract, the buyback value is USD 66 thousand.
Jagiellońska 74 - plots 12 and 13	State Treasury	Notarial Deed of 31.10.2019	8 623	8 623	PLN	2089-12-05	8 379	The lessee does not have the right to buy back the subject matter of the lease.
Jagiellońska 74 – plot 14	Capital City of Warsaw	Notarial Deed of 31.10.2019	3 039	3 039	PLN	2100-04-12	2 830	The lessee does not have the right to buy back the subject matter of the lease.
Jagiellońska 76	State Treasury	Notarial Deed of 31.12.2018	4 449	4 449	PLN	2089-12-05	4 314	The lessee does not have the right to buy back the subject matter of the lease.
Kraków Office	Prestige Property Group Sp. z o.o.	Rental contract dated 20.07.2016 with subsequent annexes	3 715	864	EUR	2025-05-31	1 716	The lessee does not have the right to buy back the subject matter of the lease.

(all amounts in PLN thousand, unless stated otherwise)

Wrocław Office	Cavatina SPV 12 Sp. z o.o.	Rental contract dated 04.11.2022 with subsequent annexes	2 800	624	EUR	2027-10-31	2 690	The lessee does not have the right to buy back the subject matter of the lease.
Boston office	The Molasses Flood/ Albany Road	Rental contract dated 01.10.2023	2 374	603	USD	2027-03-31	2 174	The lessee does not have the right to buy back the subject matter of the lease.
Lease of computers	De Lage Landen Leasing Polska S.A.	CZ0227/22	48	48	PLN	2025-02-20	22	The lessee has the right to purchase the subject matter of the lease - according to the contract, the net residual value is PLN 0.5 thousand.
Sub-lease contracts								
Car park - Kraków Office	CD PROJEKT S.A.	Rental contract dated 02.05.2023	9	2	EUR	2025-05-31	6	The lessee does not have the right to buy back the subject matter of the lease.
Car park - Wrocław Office	CD PROJEKT S.A.	Rental contract dated 01.10.2023	16	4	EUR	2027-10-31	15	The lessee does not have the right to buy back the subject matter of the lease.
Total			**27 835**				**23 306**	

(all amounts in PLN thousand, unless stated otherwise)

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 requirements for leases to these assets, as permitted by paragraph 5 of the standards. In such cases, lease payments are charged to costs of the period to which they relate, either on a straight-line basis or in some other systematic way that reflects the distribution of costs over the life of the contract (information on the cost of these leases incurred in the period from 1 January to 31 December 2023 is included in Note 2).

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

	31.12.2023	31.12.2022
Up to 1 year	827	467
From 1 to 5 years	156	334
More than 5 years	-	-
Total	**983**	**801**

Note 34. Deferred income

	31.12.2023	31.12.2022
Subsidies	**3 214**	**5 511**
Cross Platform SDK (GameINN)	3	21
Animation Excellence (GameINN)	692	1 385
City Creation (GameINN)	1 388	2 776
Cinematic Feel (GameINN)	665	1 329
Polaris	466	-
Deferred income	**12 271**	**20 583**
Sales relating to future periods	7 218	16 088
Virtual wallet (e-wallet, store credit)	4 993	4 460
Rental of company phones	60	35
Total deferred income, including:	**15 485**	**26 094**
current	13 170	22 425
non-current	2 315	3 669

In the CD PROJEKT RED segment, sales related to future periods include royalty income received or receivable from pre-orders completed by players as part of the digital distribution of PC games with a release date in future periods, royalty advances received or receivable from publishers and distribution partners, and advances on goods received from customers.

In the GOG.COM segment, sales related to future periods include the value of pre-orders placed by customers for games with release dates in future periods.

(all amounts in PLN thousand, unless stated otherwise)

Note 35. Provision for retirement and similar benefits

	31.12.2023	31.12.2022*
Provision for retirement and disability bonuses	529	376
Holiday pay provision	6 403	4 145
Total, including:	**6 932**	**4 521**
current	6 414	4 155
non-current	518	366

** restated data*

The main assumptions adopted by the actuary as at the reporting date for the calculation of the provision are as follows:

	31.12.2023	31.12.2022
Discount rate (%)	4.98	6.87
Expected inflation rate (%)	4.98	6.87
Employee turnover rate (%) - Age average (CD PROJEKT S.A.)	10.7% - 34 years	12% - 34 years
Employee turnover rate (%) - Age average (GOG sp. z o.o.)	18.5% - 33 years	19.3% - 33 years
Expected rate of salary increase (%) (CD PROJEKT S.A.)	4% - years 2024 and 2025; 6.8% - 2026; 4% - subsequent years	45% - year 2023; 6% - subsequent years
Expected rate of salary increase (%) (GOG Sp. z o.o.)	4.5% - year 2024 and subsequent years	10% - year 2023 and subsequent years
CSO mortality tables from the year	2022	2021
Probability of disability during the year	0.1%	0.1%

Using statistical methods, the actuary built and calibrated a Multiple Decrement model of employee mobility for the Group companies. Historical data provided by the Group companies was used to calibrate the model. Based on publicly available statistical data and actuarial studies, the mobility rate was assumed to decrease with age. The valuation model shows significant sensitivity to changes in mobility parameters and should, therefore, be continuously reviewed and updated for subsequent estimates.

Change in provisions for retirement and disability bonuses

	Provisions for retirement and disability bonuses	Holiday pay provision	Total
As at 01.01.2023	**376**	**4 145**	**4 521**
Provision recognized	159	6 403	6 562
Provisions utilized/released	6	4 145	4 151
As at 31.12.2023, including:	**529**	**6 403**	**6 932**
current	11	6 403	6 414
non-current	518	-	518

	Provisions for retirement and disability bonuses	Holiday pay provision*	Total
As at 01.01.2022	**387**	**2 889**	**3 276**
Provision recognized	15	1 256	1 271
Provisions utilized/released	26	-	26
As at 31.12.2022, including:	**376**	**4 145**	**4 521**
current	10	4 145	4 155
non-current	366	-	366

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

Note 36. Other provisions

	31.12.2023	31.12.2022
Provision for liabilities, including:	**83 617**	**98 640**
provision for costs of performance-related and other remuneration	49 813	67 966
provision for costs of the audit and review of the financial statements	198	167
provision for costs of external services	458	850
provision for other costs	33 148	29 657
Total, including:	**83 617**	**98 640**
current	70 208	88 042
non-current	13 409	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	49 813	91 046	140 859
Provisions utilized/released	67 966	87 916	155 882
As at 31.12.2023, including:	**49 813**	**33 804**	**83 617**
current	49 813	20 395	70 208
non-current	-	13 409	13 409

	Provision for costs of performance-related and other remuneration	Other provisions	Total
As at 01.01.2022	**44 856**	**43 554**	**88 410**
Provisions recorded during the year	67 971	60 358	128 329
Provisions utilized/released	44 861	73 238	118 099
As at 31.12.2022, including:	**67 966**	**30 674**	**98 640**
current	67 966	20 076	88 042
non-current	-	10 598	10 598

(all amounts in PLN thousand, unless stated otherwise)

Note 37. Information on financial instruments

Fair values of specific classes of financial instruments

The Management Board of the Parent 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 both as at 31 December 2023 and 31 December 2022.

	31.12.2023	31.12.2022
LEVEL 1		
Assets measured at fair value		
Assets measured at fair value through other comprehensive income	**224 485**	**243 091**
bonds issued by foreign governments - EUR	21 831	25 111
bonds issued by foreign governments - USD	202 654	217 980
LEVEL 2		
Assets measured at fair value through profit or loss		
Derivatives	**18 683**	**7 809**
currency forwards - EUR	1 161	1 249
currency forwards - USD	17 522	6 560
Private equity interests in the gaming sector	**3 518**	**2 556**
private equity interests in the gaming sector - SEK	980	1 085
Private equity interests in the gaming sector - USD	2 538	1 471
Liabilities measured at fair value through profit or loss		
Derivatives	**(495)**	**(891)**
currency forwards - EUR	(102)	(72)
currency forwards - USD	(393)	(819)

Financial instruments measured at fair value are classified according to a three-level fair value hierarchy:

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

Level 2 - fair value based on observable market data.

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

(all amounts in PLN thousand, unless stated otherwise)

Financial assets – classification and measurement

	31.12.2023	31.12.2022
Financial assets measured at amortized cost	**1 282 102**	**1 014 332**
Other non-current receivables	383	389
Trade receivables	193 520	165 290
Cash and cash equivalents	178 054	277 827
Bank deposits over 3 months	338 205	337 330
Treasury bonds and bonds guaranteed by the State Treasury	568 715	232 757
Loans granted	3 225	739
Financial assets measured at cost	**38 095**	**41 607**
Shares in non-consolidated subordinated entities	38 095	41 607
Assets measured at fair value through other comprehensive income	**224 485**	**243 091**
Bonds issued by foreign governments	224 485	243 091
Financial assets measured at fair value through profit or loss:	**22 201**	**10 365**
Derivative financial instruments	18 683	7 809
Private equity interests in the gaming sector	3 518	2 556
Total financial assets	**1 566 883**	**1 309 395**

Financial liabilities – classification and measurement

	31.12.2023	31.12.2022
Financial liabilities measured at amortized cost	**85 262**	**99 689**
Trade payables	58 835	72 119
Other financial liabilities	26 427	27 570
Financial liabilities measured at fair value through profit or loss	**495**	**891**
Derivative financial instruments	495	891
Total financial liabilities	**85 757**	**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 and foreign bonds guaranteed by the governments is to hold them to maturity and to collect contractual cash flows;
- investment mandates for managing the foreign Treasury 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 and foreign bonds guaranteed by foreign states 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 in 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.

(all amounts in PLN thousand, unless stated otherwise)

	31.12.2023	31.12.2022
LEVEL 1		
Fair value of assets measured at amortized cost	**565 473**	**219 713**
Polish Treasury bonds and bonds guaranteed by the Polish State Treasury	565 473	219 713

Other items of financial assets and financial liabilities were classified to Level 3.

With reference to equity shares in other entities, the Group estimates the fair value of the shares held using the method of forecasting the future cash flows to be generated by a cash-generating unit and requires determining a discount rate to be used in order 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 measure the fair value of trade receivables and payables, cash and cash equivalents, bank deposits over 3 months and loans granted at variable interest rates as their carrying amount is considered by the Group to be a reasonable approximation of fair value.

There were no movements between the Levels in the fair value hierarchy in the Group during the reporting period or in the comparative period.

(all amounts in PLN thousand, unless stated otherwise)

Gains and losses on financial assets and liabilities

01.01.2023 – 31.12.2023	Financial assets measured at amortized cost				Financial assets measured at cost	Financial assets and liabilities measured at fair value through profit or loss		Financial assets measured at fair value through other comprehensive income	Financial liabilities measured at amortized cost		Total
	Trade receivables	Treasury bonds of the Republic of Poland and bonds secured with a guarantee by the State Treasury of the Republic of Poland	Loans granted	Cash and cash equivalents and bank deposits over 3 months	Shares in non-consolidated subordinated entities	Derivative financial instruments	Private equity interests in the gaming sector	Foreign bonds	Trade payables	Other financial liabilities	
Interest income/ (expense)	-	13 583	264	28 090	-	-	-	6 052	(3)	(807)	47 179
Write-downs recognized	(7)	-	-	-	-	-	-	-	-	-	(7)
Write-downs released	14	-	-	-	27 271	-	-	-	-	-	27 285
Gains /(losses) on disposal of debt instruments	-	-	-	-	-	-	-	2 259	-	-	2 259
Commission and fees on purchase of debt instruments	-	-	-	-	-	-	-	(284)	-	-	(284)
Measurement of forward contract	-	-	-	-	-	40 768	-	-	-	-	40 768
Measurement of private equity interests in the gaming sector	-	-	-	-	-	-	85	-	-	-	85
Measurement of foreign bonds	-	-	-	-	-	-	-	4 138	-	-	4 138
Total gains/(losses)	**7**	**13 583**	**264**	**28 090**	**27 271**	**40 768**	**85**	**12 165**	**(3)**	**(807)**	**121 423**

(all amounts in PLN thousand, unless stated otherwise)

01.01.2022 – 31.12.2022*	Financial assets measured at amortized cost				Financial assets measured at cost	Financial assets and liabilities measured at fair value through profit or loss		Financial assets measured at fair value through other comprehensive income	Financial liabilities measured at amortized cost		Total
	Trade receivables	Treasury bonds of the Republic of Poland and bonds secured with a guarantee by the State Treasury of the Republic of Poland	Loans granted	Cash and cash equivalents and bank deposits over 3 months	Shares in non-consolidated subordinated entities	Derivative financial instruments	Private equity interests in the gaming sector	Foreign bonds	Trade payables	Other financial liabilities	
Interest income/ (expense)	-	7 778	222	26 885	-	-	-	8 184	-	(581)	42 488
Write-downs recognized	(18)	-	-	-	(27 271)	-	-	-	-	-	(27 289)
Write-downs released	11	-	-	-	-	-	-	-	-	-	11
Gains /(losses) on disposal of debt instruments	-	-	-	-	-	-	-	22 752	-	-	22 752
Commission and fees on purchase of debt instruments	-	-	-	-	-	-	-	(326)	-	-	(326)
Measurement of forward contract	-	-	-	-	-	3 225	-	-	-	-	3 225
Measurement of foreign bonds	-	-	-	-	-	-	-	(12 724)	-	-	(12 724)
Total gains/(losses)	**(7)**	**7 778**	**222**	**26 885**	**(27 271)**	**3 225**	**-**	**(12 724)**	**-**	**(581)**	**28 137**

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

Financial risk management objectives and policies

Credit risk

Risk description: The Group is exposed to credit risk in connection with sales with deferred payment, royalty income customarily reported and settled after the end of the period for which the royalties are due, in connection with advance payments and also in connection with cooperation with banks, electronic payment operators or government bond issuers. There are instances where the concentration of sales to the largest customers exceeds 10% of the Group's total sales revenue.

Actions taken: In order to reduce the credit risk related to buyers, the Group is constantly monitoring the settlement of receivables, and debt collection in difficult cases is outsourced to external specialized entities. As part of its efforts to mitigate the credit risk of financial institutions, the Group works with several banks, diversifying the allocations of its cash and bank deposits, both by entity and geographical area. In addition, the Parent Company, which holds the majority of the Group's funds, may invest part of its reserves in the following types of bonds in accordance with the policy adopted in March 2022:

- domestic Treasury bonds of the Republic of Poland;
- domestic bonds secured with a guarantee of the State Treasury of the Republic of Poland;
- foreign Treasury bonds issued by countries with a rating no lower than Aa3 according to Moody's rating agency;
- foreign bonds secured with a guarantee of countries with a rating no lower than Aa3 according to Moody's rating agency.

As a result of adopting the credit rating criterion for the country of bond issuers, investments in these financial instruments are exposed to a very low risk and the expected credit losses are immaterial.

Liquidity risk

Risk description: Inadequate capital and liquidity risk management may generate liquidity risk resulting in delays or inability to settle liabilities.

Actions taken - managing liquidity risk: Capital and liquidity risk management in the CD PROJECT Group is aimed at ensuring the financing of its activities, including the long-term investment projects implemented by the group.

Day-to-day liquidity management is carried out at the level of the individual companies, while the coordination and supervision of long-term plans is carried out at the level of the Parent Company.

The pillars of liquidity risk management are as follows:

- constantly maintained and updated short-term and long-term cash flow forecasts;
- periodic verification, based on cash flow forecasts, of the achievement of liquidity risk management targets in the medium term;
- maintaining its own financial reserves – the Group has no external interest-bearing debt from loans and borrowings incurred or bonds issued;
- the Parent Company may provide financing to subsidiaries through capital increases or loans;
- the management of financial reserves (held in the form of cash, bank deposits, domestic and foreign Treasury bonds and domestic and foreign bonds secured with guarantees of foreign governments) in the Parent Company is carried out taking into account the maturity dates of the individual instruments, the ratings of the banks or issuers of the Treasury bonds purchased, the interest rates or yields of the investments concerned and always respecting the principle of diversification in the allocation of the accumulated financial reserves (both by entity and geographical area).

As at 31 December 2023, the Group held bank deposits with a carrying amount of PLN 507 026 thousand.

Maturity of the deposit	Carrying amount
Quarter 1 of 2024	303 974
Quarter 2 of 2024	104 132
Quarter 3 of 2024	78 420
Quarter 4 of 2024	20 500
Total carrying amount	**507 026**

(all amounts in PLN thousand, unless stated otherwise)

As at 31 December 2023, the Parent Company held Treasury bonds with a carrying amount of PLN 793 200 thousand.

Bonds by country of issuer as at 31.12.2023	S&P	Fitch	Moody's	Carrying amount
Poland	A-	A-	A2	568 715
USA	AA+	AA+	Aaa	170 540
Germany	AAA	AAA	Aaa	32 682
Canada	AAA	AA+	Aaa	11 600
Finland	AA+	AA+	Aa1	9 662
Total carrying amount				**793 200**

Bond portfolio as at 31.12.2023 by instrument maturity

Redemption date of purchased bonds as at 31.12.2023	Carrying amount
2024	178 887
2025	306 955
2026	253 021
2027	51 885
2028	2 452
Total carrying amount	**793 200**

Currency risk

Risk description: Due to the global nature of the CD PROJEKT Group's business, where the majority of revenue is generated in foreign currencies, it is exposed to the risk of sudden changes in exchange rates, including in particular the risk of strengthening of the Polish zloty.

The majority of publishing and distribution contracts to which the Parent Company is a party as the game developer are based on settlement in foreign currencies – mainly in USD and EUR. Therefore, a weakening of the USD or EUR exchange rate in relation to PLN is an undesirable scenario for the Group, resulting in a reduction of sales revenue. The revenues of GOG sp. z o.o. are generated in 13 currencies, the highest in USD and smaller in EUR, PLN, GBP, CAD, AUD and others, while costs are mainly incurred in USD and PLN. Therefore, as a rule, a weakening of the exchange rate of the currencies in which GOG.COM earns its sales revenue in relation to the USD or PLN is an undesirable scenario for the CD PROJECT Group, causing a drop in revenues and results of operations realized by GOG sp. z o.o.

The Group companies also purchase goods and services in transactions settled in foreign currencies - in such cases, a weakening of the PLN exchange rate against the relevant currency of the transaction may result in exchange rate group differences unfavourable to the Group companies' results.

The Parent Company invests some of its financial resources in foreign bonds denominated in foreign currencies, and it may also hold cash and cash equivalents or deposits in foreign currencies (for more information, see sections on credit risk and liquidity risk).

Actions taken: The Group companies seek to minimize currency exposure in its operations, but nevertheless it is not possible to completely eliminate the currency risk that is incumbent on the Group. In the case of the risk associated with the Parent Company's investment in foreign bonds denominated in foreign currencies, exposure to exchange rate fluctuations is mitigated by entering into forward sales of the relevant currency symmetrical to each currency feed to the investment account. Similarly, the Parent Company hedges the value of cash invested in USD deposits by entering into forward sales of the currency symmetrical to each term deposit.

The value of forward contracts concluded as at 31.12.2023 is presented in the table below.

Forward contract currency	Value of forward contracts in foreign currency	Value of forward contracts in PLN at forward exchange rates	Fair value measurement of forward contracts as at 31.12.2023 in PLN
EUR	6 183	28 423	1 059
USD	73 601	308 059	17 129
Total		**336 482**	**18 188**

(all amounts in PLN thousand, unless stated otherwise)

In accordance with the adopted policy of diversifying investments of current cash surpluses, the Parent Company may hold up to 15% of total funds in unhedged positions in USD and EUR. As at 31 December 2023, the Parent Company had an unhedged position in foreign currencies amounting to USD 1 872 thousand and EUR 297 thousand.

GOG Sp. z o.o. hedges the cash flows associated with concluded or future foreign currency trade transactions by entering into forward currency transactions. Hedging transactions are, in principle, concluded at the gross value of GOG's currency exposure, i.e. at the full amount of the respective future cash flows.

Interest rate and inflation risk

Risk description: The condition of the global economy, including the effects of global political, economic or military crises or the development of pandemics, may affect the CD PROJEKT Group's business, financial position and results. A negative situation related to the impact of a pandemic, either macroeconomic or political, may result in difficulties in access to finance, changes in the prices of goods, services and products, conservative consumer attitudes or the emergence of restrictions on sales opportunities as a consequence of economic sanctions or local regulations introduced.

The monetary policy pursued by the National Bank of Poland in shaping the level of interest rates and consequently influencing the level of inflation in Poland may affect the financial income achieved by the Group. As surplus cash is invested in, among other things, bank deposits and bonds, a drop in interest rates may have a negative impact on the Group's finance income. Moreover, financial income generated from bank deposits or investments in bonds in relation to the Group's cash reserves may not compensate for losses caused by inflation.

A change in the level of interest rates affects the carrying value of the bonds of foreign governments and bonds secured with their guarantee, which are measured at fair value through other comprehensive income. An increase in interest rates may also reduce the valuation of the Group's assets (e.g. shares in related entities, brands) carried out as part of impairment tests, potentially leading to the need to restate their value in the books of account.

Actions taken: The Group companies strive to monitor the impact of the global situation on the markets in which they operate and, as far as possible, to adapt their operations as much as possible to the changes observed. The Parent Company mitigates some of the risk associated with interest rate volatility and market inflation expectations by investing a portion of its cash surpluses in deposits, Polish Treasury bonds, bonds secured by the State Treasury guarantee and foreign Treasury bonds or foreign bonds guaranteed by governments of the countries with credit ratings no lower than Aa3 according to Moody's, while diversifying the maturities of the aforementioned instruments. In addition, some of the bonds may be floating rate securities.

While maintaining the safety of accumulated funds, in practice it may not be possible to fully protect the value of financial reserves held against the negative effects of inflation.

Sensitivity analysis

In accordance with the requirements of *IFRS 7 Financial Instruments: Disclosures*, the Parent Company performed an analysis for the identified market risks showing what impact changes in the relevant risk factors would have on the results of operations and equity.

Due to the linear nature of the impact of a change in a factor on the value of the Group's profit or loss and equity, 5 pps were adopted for the analysis of the impact of changes in exchange rates and 1 pp for the analysis of the impact of changes in interest rates and fair value.

The tables below show the sensitivity of profit before tax and equity to the risks identified by the Group over the horizon to the date of the next financial statements, assuming that other risk factors remain constant.

Currency risk concerning the net value of foreign currency assets and liabilities

	Impact on net profit or loss				Impact on equity		
	EUR	USD	Other currencies	Total	EUR	USD	Total
Exchange rate fluctuations	5%	5%	5%		5%	5%	
As at 31.12.2023							
Exchange rate growth	(14)	(3 821)	(141)	**(3 976)**	1 092	10 637	**11 729**
Exchange rate decline	14	3 821	141	**3 976**	(1 092)	(10 637)	**(11 729)**
As at 31.12.2022							
Exchange rate growth	(734)	(1 974)	(170)	**(2 878)**	1 256	11 137	**12 393**
Exchange rate decline	734	1 974	170	**2 878**	(1 256)	(11 137)	**(12 393)**

Exposure to currency risk changes during the year depending on the volume of transactions concluded in the currency. Nevertheless, the above sensitivity analysis can be considered representative of the Group's exposure to currency risk as at the balance sheet date.

Interest rate risk relating to interest income on cash held in bank accounts and Polish floating-rate bonds

	31.12.2023		31.12.2022	
	Interest rate fluctuations	Impact on net profit or loss	Interest rate fluctuations	Impact on net profit or loss
Interest rate growth	1 p.p.	6 195	1 p.p.	7 159
Interest rate decline	1 p.p.	(6 195)	1 p.p.	(7 159)

Fair value change risk relating to the valuation of foreign bonds carried at fair value, which depends on the volatility of market prices

	31.12.2023			31.12.2022		
	Fluctuation amount	Impact on equity	Impact on net profit or loss	Fluctuation amount	Impact on equity	Impact on net profit or loss
Fair value growth	1 p.p.	2 245	217	1 p.p.	2 431	332
Fair value decline	1 p.p.	(2 245)	(217)	1 p.p.	(2 431)	(332)

(all amounts in PLN thousand, unless stated otherwise)

Note 38. Capital management

The principal objective of the capital management within the Group is to maintain sound credit rating and safe capital ratios to support the Group's operating activities, increasing its shareholder value.

The Group manages the capital structure and introduces changes to it based on changes in economic circumstances. In order to maintain or adjust the capital structure, the Parent Company may pay a dividend to the shareholders, return capital to the shareholders or issue new shares. The Group monitors its capital balances using the leverage ratio, which is calculated as the ratio of net debt to total equity plus net debt. As at 31 December 2023, the Group's balance of cash and cash equivalents was greater than its trade and other payables, thus the Group had a positive net cash balance.

Note 39. Employee benefit programmes

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, another edition of the incentive plan was introduced for 2020-2025. In accordance with the adopted assumptions, a maximum of 4 000 000 entitlements, understood as a conditional right to take up subscription warrants, entitling to take up shares in the Parent Company issued separately as part of a conditional share capital increase, or alternatively to purchase, on preferential terms, the Parent Company's treasury shares were to be granted as part of the implementation of the 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. 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 functioning of the plan and the assumptions for the subsequent years of the plan, the Management Board of the Parent Company assessed the possibility of achieving the performance targets set in the 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. In connection with the above, taking into consideration the fact that the plan had lost its motivational and retention functions, the General Meeting of the Parent Company adopted Resolution no. 5 concerning discontinuation of the incentive plan for the financial years 2020-2025. Due to the fact that entry into force of that resolution was conditional upon the General Meeting 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.

In 2022 and during the reporting period, no new entitlements were granted under the Incentive Plan for the years 2020-2025. As at 18 April 2023, 2 113 000 entitlements granted remained in the Incentive plan for 2020-2050. As stated in the Incentive Plan Regulations for the years 2020-2025, in the event of the expiry of the incentive plan, the entitlements granted under the plan to the eligible persons will also expire. Detailed data on entitlements awarded under the Incentive Plan for the years 2020-2025 in previous financial years and their valuation is available in previous interim financial statements of the Parent Company and the Group.

Incentive plans for the years 2023–2027

Based on the resolutions of the Parent Company's General Meeting of 28 July 2020, two new incentive plans for the financial years 2023-2027 were introduced on that date, replacing the Incentive Plan for 2020-2025: the Incentive Plan A and Incentive Plan B.

Incentive Plan A

The 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 will be realized alternatively through: (i) offering participants to subscribe for warrants entitling them to subscribe for an identical number of shares in the Parent Company issued as part of the conditional share capital increase, or (ii) offering participants to purchase from the Parent Company treasury shares acquired by the Parent Company as part of a buy-back carried out for this purpose. Taking up and exercising 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 Parent 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 as a minimum in each case.

By the date of publication of this report, 100 444 entitlements were granted as part of Phase 1 of the Incentive Plan A (in 2023), of which 94 051 entitlements remain active.

Assumptions adopted for the valuation of the Incentive Plan A for the years 2023–2027 – phase 1

Date of vesting	CDR volatility ratio	Risk-free 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 the Incentive Plan A for the years 2023–2027 – phase 1

01.01.2023 – 31.12.2023	Number of entitlements in pcs.
Granted during the period	100 444
Forfeited during the period*	6 393
Unrealized as at the end of the period	1 500 000
Granted unrealized as at the end of the period*	94 051

** All forfeitures by the date of publication of these financial statements*

Measurement date

During 2023, the Parent Company granted entitlements to participate in the plan in four tranches, in accordance with the relevant resolutions of the Management Board.

The fair value of the entitlements awarded in 2023 was in each case measured as at the grant date using financial engineering methods and numerical methods (which are a development of the so-called Black-Scholes-Merton model) by a licensed actuary entered in the register of actuaries maintained by the Polish Financial Supervision Authority in accordance with the information in the table above.

Classification of measurement conditions

The conditions related to completing paperwork (including the correct filing of documents within a certain time limit), loyalty conditions and other conditions unrelated to the share price were treated as non-market conditions. The condition of living to the date of exercising the entitlement rights and other similar conditions were treated likewise.

Number of shares as at the grant date

As at the date of granting entitlements under the Incentive Plan A in 2023 (phase 1), the Parent Company had 100 770 800 shares in issue.

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 will be realized alternatively through: (i) offering participants to subscribe for warrants entitling them to subscribe for an identical number of shares in the Parent Company issued as part of the conditional share capital increase, or (ii) offering participants to purchase from the Parent Company treasury shares acquired by the Parent Company as part of a buy-back carried out for this purpose. Taking up and exercising the rights from the subscription warrants or, as the case may be, purchasing the Parent Company's shares by the eligible persons 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 Parent Company's shares as part of exercising the entitlements under Plan B will correspond to the price of the Parent 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 granted as part of Phase 1 of the Incentive Plan B (in 2023), of which 656 000 entitlements remain active.

(all amounts in PLN thousand, unless stated otherwise)

Performance-related condition – 70% of entitlements awarded under a given phase of the Incentive Plan B

The fulfilment of the performance-related condition means achieving, in the relevant vesting period, a specific result, understood as the sum of the consolidated net profits on continued operations of the CD PROJEKT Group plus the cost of valuation of entitlements awarded under a relevant phase of the Incentive Plan B recognized by the CD PROJEKT Group entities in the same period.

The performance-related condition for entitlements awarded in the first phase of the Incentive Plan B for the years 2023-2026 (in the financial year 2023) is PLN 2 billion.

For each of the successive phases of the Incentive Plan B starting in the financial years 2025, 2026 and 2027, the performance-related condition for entitlements awarded in these phases for the relevant periods of 4 financial years will be determined by resolutions of the General Meeting of the Parent Company (based on a motion of the Management Board of the Parent Company).

Market-related condition – 30% of entitlements awarded under a given phase of the Incentive Plan B

The fulfilment of the market-related condition means achieving a change in the Parent Company's share price on the Warsaw Stock Exchange (WSE) in such a manner that the change in the level of the Parent Company's share price expressed as a percentage, determined on the basis of the Parent Company's share price at closing of the last trading session of the WSE of the most recent financial year which is subject to verification for purposes of the performance-related condition referred to above in relation to the Parent Company's share price at closing of the last trading session of the WSE in the year preceding the year of the relevant phase of the Incentive Plan B, will be higher than or equal to the change, expressed as a percentage and increased by 10 percentage points, in the level of the WIG (WSE Index) index in the same period.

Assumptions adopted for the valuation of the Incentive Plan B for the years 2023–2027 – phase 1

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

Changes in entitlements granted under the Incentive Plan B for the years 2023–2027 – phase 1

01.01.2023 – 31.12.2023	Number of entitlements in pcs.
Granted during the period	662 000
Forfeited during the period*	6 000
Unrealized as at the end of the period	3 500 000
Granted unrealized as at the end of the period*	656 000

** All forfeitures by the date of publication of these financial statements*

Measurement date

During 2023, the Parent Company granted entitlements to participate in the plan in one tranche.

The fair value of the entitlements awarded in 2023 was in each case measured as at the grant date using financial engineering methods and numerical methods (which are a development of the so-called Black-Scholes-Merton model) by a licensed actuary entered in the register of actuaries maintained by the Polish Financial Supervision Authority in accordance with the information in the table above.

Classification of measurement conditions

The condition relating to the change in the price of the Parent Company's shares in relation to the change in the WIG index and the condition that the market price on the exercise date will be above the exercise price have been treated as market conditions. The conditions relating to net profit growth were treated as non-market conditions. The conditions related to completing paperwork (including the correct filing of documents within a certain time limit), loyalty conditions and other conditions unrelated to the share price were treated as non-market conditions. The condition of living to the date of exercising the entitlement rights and other similar conditions were treated likewise.

Number of shares as at the grant date

As at the date of granting entitlements under the Incentive Plan B in 2023 (phase 1), the Parent Company had 100 770 800 shares in issue.

(all amounts in PLN thousand, unless stated otherwise)

Note 40. Transactions with related entities

Terms and conditions of transactions with related entities

The terms and conditions of intra-group transactions were determined on the arm’s length basis. The essence of this principle is based on the premise that the terms and conditions agreed in transactions between related parties should not differ from those that would be agreed between independent parties in a comparable situation. Controlled transactions concluded by related entities which belong to the CD PROJEKT Group are tested for compliance with the arm’s length basis based on recommendations and methods provided for in the OECD Guidelines and in the national legislation.

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 – 31.12.2023	01.01.2022 – 31.12.2022	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
SUBSIDIARIES								
Spokko sp. z o.o.	-	1 321	-	-	-	156	-	-
CD PROJEKT RED Vancouver Studio Ltd.	258	68	17 716	16 762	1 483	1 694	1 549	2 746
The Molasses Flood LLC	336	6	44 991	31 213	3 328	742	1 751	2 579
MEMBERS OF THE MANAGEMENT BOARDS OF GROUP COMPANIES AND SUPERVISORY BOARD MEMBERS								
Marcin Iwiński	1	1	-	-	1	-	-	7
Adam Kiciński	1	-	-	-	-	-	1	13
Piotr Nielubowicz	1	4	-	-	2	2	-	13
Michał Nowakowski	1	5	-	-	-	-	-	4
Adam Badowski	2	6	-	-	-	-	-	6
Piotr Karwowski	7	7	-	-	-	-	-	2
Urszula Jach-Jaki	3	2	-	-	-	-	-	-
Maciej Gołębiewski	1	1	-	-	-	-	-	-
Paweł Zawodny	6	7	-	-	-	-	-	-
Jeremiah Cohn	-	1	-	-	-	-	-	-
Maciej Nielubowicz	1	-	-	-	-	-	-	-

(all amounts in PLN thousand, unless stated otherwise)

Note 41. Mergers and changes in the structure of the CD PROJEKT Group

Merger between subsidiaries

During the reporting period, two business combinations involving business entities in the Group were registered:

- Registration of the merger of the Company with its subsidiary - CD PROJEKT RED STORE sp. z o.o.

On 28 February 2023, the District Court for the Capital City of Warsaw in Warsaw entered in the Register of Businesses the merger through acquisition of the Parent Company, as the surviving company, with its subsidiary CD PROJEKT RED STORE sp. z o.o. with its registered office in Warsaw, as the target company. The merger was carried out in accordance with the merger plan announced on 17 November 2022, i.e. by transferring all the assets of CD PROJEKT RED STORE sp. z o.o. to the Parent Company, without increasing the share capital of the Parent Company, without issuing shares 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 procedure under Article 492 § 1 item 1 of the Commercial Companies Code ("CCC") in connection with Article 516 § 6 of the CCC). The business activities of the target company consisted of selling products relating to brands and games developed within the Group through the CD PROJEKT RED GEAR online shop. The merger was intended to simplify the Group's structure in view of the plans to continue the activities of the target company in cooperation with a specialized external entity. The Management Board of the Parent Company informed of the registration of the merger in its Current report no. 7/2023.

- Registration of the merger of the Parent Company with its subsidiary - SPOKKO sp. z o.o.

On 31 August 2023, the District Court for the Capital City of Warsaw in Warsaw entered in the Register of Businesses the merger through acquisition of the Parent Company, as the surviving company, with its subsidiary SPOKKO 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 20 April 2023, i.e. by transferring all the assets of SPOKKO sp. z o.o. to the Parent Company, without increasing the share capital of the Parent Company, without issuing shares 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 procedure under Article 492 § 1 item 1 of the Commercial Companies Code ("CCC") in connection with Article 516 § 6 of the CCC). SPOKKO sp. z o.o. was a development studio specializing in executing projects for mobile devices and responsible for the development of The Witcher: Monster Slayer game (the project closed as at 30 June 2023). According to the strategy adopted in October 2022, the Parent Company will focus on its core business and implement mobile projects in collaboration with external partners. The Management Board of the Parent Company informed of the registration of the merger in its Current report no. 36/2023.

Business combinations of jointly controlled entities are not covered directly in the International Financial Reporting Standards, therefore, when accounting for such transactions, the Parent Company uses a method which is based on the following assumptions:

- assets and liabilities of the 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 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.

Establishment of a new subsidiary

It did not occur during the reporting period.

Other changes in the structure of the CD PROJEKT Group made 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 50.00 each, as a result of which the Parent Company became the owner of 100% (i.e. 1 089) of the shares in that subsidiary.

- Share capital decrease and redemption of treasury shares

On 18 April 2023, an Extraordinary General Meeting of the Company took place at which the shareholders decided, amongst others, to decrease the share capital and voluntarily redeem 860 290 treasury shares with a par value of PLN 1 each. At that time, these shares represented 0.85% of the share capital and comprised all treasury shares previously acquired by the Parent Company with a view to their redemption as part of the buyback conducted between 5 and 24 October 2022 for the total amount of PLN 99 943 thousand. The full 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 resolutions passed, the District Court for the Capital City of Warsaw in Warsaw entered, among other things, a decrease in the Parent Company's share capital of PLN 860 290 and redemption of 860 290 of the Parent Company's treasury shares in the Register of Businesses.

CD PROJEKT RED Inc. and The Molasses Flood LLC

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

On 23 October 2023, the share capital of CD PROJEKT RED Inc. was increased by USD 1 100 thousand i.e. up to USD 7 120 thousand. The increased value of the existing shares was paid up in full by a cash contribution made by the Parent Company. The capital increase was intended to enable finalizing the last stage of the process of acquisition of shares in The Molasses Flood LLC (payment of the third tranche).

On 27 October 2023, CD PROJEKT RED Inc. concluded an agreement based on which it acquired additional shares in The Molasses Flood LLC from one of its shareholders at that time, thus becoming the owner of 81.82% of the shares in that company (i.e. 450 000 shares).

On 29 December 2023, the share capital of CD PROJEKT RED Inc. was increased by USD 800 thousand i.e. up to USD 7 920 thousand. The increased value of the existing shares was paid up in full by a cash contribution made by the Parent Company. The purpose of the capital increase was to enable finalizing the payment of the price for a total of 120 000 shares of The Molasses Flood LLC, acquired by CD PROJEKT RED Inc. based on agreements of 31 May 2023 and 27 October 2023.

Note 42. Remuneration of the senior management and the Supervisory Board

Benefits paid to members of the Management Boards of the Group companies

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022*
Basic remuneration under the employment relationship	1 988	2 252
Remuneration for the functions performed	4 243	4 672
Bonuses and remuneration linked to the previous year's result	32 714	21 224
Total	**38 945**	**28 148**

** restated data*

Benefits paid to other members of the Group's key management personnel

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022
Basic remuneration under the employment relationship	29 157	24 855
Remuneration for the functions performed	772	698
Bonuses and remuneration linked to the previous year's result	11 176	7 058
Total	**41 105**	**32 611**

Benefits paid to members of the Supervisory Board

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022
Remuneration for the functions performed	1 020	602
Total	**1 020**	**602**

(all amounts in PLN thousand, unless stated otherwise)

Note 43. Number of employees

Average number of employees understood as the annual average number of FTEs**

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022*
Average number of employees	633	536
Total	**633**	**536**

** restated data*

*** The average number of employees also includes FTEs for which the Company does not pay remuneration (e.g. unpaid leave, maternity leave).*

Number of employees as at the end of the year (in persons)

	31.12.2023	31.12.2022
Number of employees (in persons)	615	508
Total	**615**	**508**

Employee turnover

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022
Number of new employees	110	190
Number of dismissed employees*	101	92
Total	**9**	**98**

** Includes employees in the notice period as at the reporting date.*

Note 44. Capitalization of borrowing costs

Not applicable.

Note 45. Revenues generated on a seasonal, cyclical or occasional basis

Information on revenues generated on a seasonal, cyclical or occasional basis is included in the Directors' Report on the operations of the CD PROJEKT Group and CD PROJEKT S.A. for 2023.

(all amounts in PLN thousand, unless stated otherwise)

Note 46. 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-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 more broadly the research and development relief provided for in the Act of 15 February 1992 on corporate income tax (consolidated text, Journal of Laws of 2023, item 2805, as amended, hereinafter: the "CIT Act").

Starting from the month following the submission of the CIT-8 tax return for the previous tax year, 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 projects 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 quotient of the personal income tax liability due and the corporate 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 47. Post-balance sheet date events

On 20 February 2024, an Extraordinary General Meeting of the Parent Company took place at which a resolution was adopted, concerning determination of the performance-related condition of PLN 3 billion in the Incentive Plan B for the financial years 2024-2027. The performance-related condition corresponds to the sum of the consolidated net profits on continued operations of the Group for the financial years 2024-2027 plus the cost of valuation of entitlements awarded under a relevant phase of the Incentive Plan B recognized by the Group entities in the same period. All materials relating to the General Meeting, including the contents of the resolutions adopted, are available on the Parent Company's website.

On 8 and 10 March 2024, as part of Phase 2 of the Incentive Plans A and B for the years 2023-2027, new entitlements were awarded to the participants. As a result, 183 189 entitlements were awarded in Phase 2 of the Incentive Plan A and 723 500 in the Incentive Plan B. All entitlements awarded as part of Phase 2 of the Plans are active as at the date of publication of this report.

Note 48. Transactions with entities performing the audits of the financial statements

Fees paid or payable for the financial year	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022
For the audit of the annual financial statements and the consolidated financial statements	182	167
For other assurance services, including a review of the financial statements and the consolidated financial statements	89	85
Total	**271**	**252**

(all amounts in PLN thousand, unless stated otherwise)

Note 49. Explanations to the statement of cash flows

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022*
Cash and cash equivalents reported in the statement of cash flows	**178 054**	**277 827**
Cash and cash equivalents in the balance sheet	178 054	277 827
Depreciation and amortization	**13 970**	**13 828**
Amortization of intangible assets	2 196	2 122
Amortization of expenditure on development projects	447	1 029
Depreciation of property, plant and equipment	11 307	10 644
Depreciation of investment properties	20	33
Foreign exchange gains/(losses) result from the following items:	**28 089**	**4 561**
Foreign exchange gains and losses on measurement of private equity interests in the gaming sector	420	-
Foreign exchange gains/(losses) on measurement of loans granted as at the balance sheet date	203	-
Foreign exchange gains/(losses) on measurement of leases	(375)	55
Foreign exchange gains/(losses) on measurement of bonds	27 841	4 506
Interest and shares in profits comprise:	**(47 182)**	**(42 487)**
Interest on bank deposits	(28 090)	(26 885)
Interest on bonds	(19 635)	(15 961)
Interest accrued on loans granted	(264)	(222)
Interest on lease contracts	807	581
(Gains)/losses on investing activities result from the following items:	**(84 938)**	**42 077**
Sale of property, plant and equipment	(155)	(275)
Net carrying amount of property, plant and equipment	80	5
Net carrying amount of non-current assets scrapped	417	750
Net carrying amount of scrapped intangible assets and expenditure on research and development projects	2 746	295
Net carrying amount of investment properties scrapped	737	-
Impairment write-downs of property, plant and equipment, intangible assets and expenditure on development projects	-	34 286
Release of write-downs of shares in subsidiaries	(27 271)	-
Write-downs of shares in subsidiaries	-	27 271
Reversal of impairment write-downs of property, plant and equipment, intangible assets and expenditure on development projects	(21 531)	-
Settlement and measurement of derivative financial instruments	(37 955)	2 172
Measurement of private equity interests in the gaming sector	85	-
Disclosure of property, plant and equipment and intangible assets	(4)	-
Commission and fees on purchase of bonds	284	326
Proceeds from redemption of bonds	(69 564)	(202 849)
Value of bonds purchased	67 305	180 096
Settlement of lease contracts expired	(112)	-
Change in provisions results from the following items:	**7 392**	**(5 040)**
Increase/(Decrease) in provisions for liabilities	(15 023)	10 230
Increase/(Decrease) in provisions for employee benefits	2 411	1 245
Increase/(Decrease) in provision for costs of performance-related and other remuneration recognized under expenditure on development projects	20 004	(16 515)
Change in inventories results from the following items:	**9 125**	**3 185**
(Increase)/Decrease in inventories	9 125	3 185

(all amounts in PLN thousand, unless stated otherwise)

	01.01.2023 – 31.12.2023	01.01.2022 – 31.12.2022
Change in receivables results from the following items:	**(60 033)**	**(44 052)**
(Increase)/Decrease in current receivables in the balance sheet	(28 502)	15 002
(Increase)/Decrease in non-current receivables in the balance sheet	6	297
(Increase)/Decrease in prepayments for investment properties	-	(79)
Income tax settled against withholding tax	11 082	36 260
Withholding tax paid abroad	(31 399)	(32 270)
Adjusted for current income tax	(11 412)	(34 840)
(Increase)/Decrease in prepayments for development projects	740	(29 002)
(Increase)/Decrease in receivables in respect of the sale of property, plant and equipment and intangible assets	(490)	480
(Increase)/Decrease in prepayments for property, plant and equipment and intangible assets	(58)	100
Change in liabilities, excluding financial liabilities, results from the following items:	**(4 974)**	**13 034**
Increase/(Decrease) in current liabilities in the balance sheet	(12 675)	(19 613)
Adjusted for current income tax	1 654	22 330
Increase/(Decrease) in other current financial liabilities	2 694	16 224
Increase/(Decrease) in liabilities in respect of security deposits	114	-
Increase/(Decrease) in liabilities resulting from purchase of property, plant and equipment	2 653	(5 323)
Increase/(Decrease) in liabilities resulting from purchase of intangible assets	586	(594)
Increase/(Decrease) in liabilities resulting from purchase of investment properties	-	10
Change in other assets and liabilities results from the following items:	**(26 668)**	**(40 881)**
Change in prepayments and accruals in the balance sheet	(15 818)	(28 763)
Increase/(Decrease) in deferred income in the balance sheet	(10 609)	(11 878)
Adjusted for prepayments and deferred costs with the corresponding entry in liabilities	(241)	(240)
“Other adjustments” comprise:	**23 895**	**8 709**
Costs of the incentive plans	16 681	4 276
Measurement of derivative financial instruments	(396)	750
Amortization and depreciation written off, reported under cost of sales and other operating expenses	224	1 300
Amortization and depreciation reported under cost of sales and other operating expenses	2 575	3 222
Accounting for shares in the acquired entity	32 854	-
Retained earnings/(Accumulated losses) of the acquired entity	(26 979)	-
Deferred tax asset of the acquired entity	(233)	-
Net property, plant and equipment and intangible assets of the acquired entity	(228)	-
Foreign exchange differences on translation	(496)	(546)
Other adjustments	(107)	(293)

(all amounts in PLN thousand, unless stated otherwise)

Note 50. Cash flows and non-monetary changes resulting from changes in liabilities in financing activities

	01.01.2023	Cash flows	Non-monetary changes							31.12.2023
			Takeover of leased fixed assets	Termination of a lease contract	Foreign exchange differences	Interest accrued	Transfer of treasury shares	Adopting a resolution on purchase of treasury shares	Adopting a resolution on the payment of dividend	
Lease liabilities	20 967	(3 398)	5 467	-	(537)	807	-	-	-	23 306
Liabilities to shareholders in respect of dividend payment	-	(99 911)	-	-	-	-	-	-	99 911	-
Total	**20 967**	**(103 309)**	**5 467**	**-**	**(537)**	**807**	**-**	**-**	**99 911**	**23 306**

	01.01.2022	Cash flows	Non-monetary changes							31.12.2022
			Takeover of leased fixed assets	Termination of a lease contract	Foreign exchange differences	Interest accrued	Transfer of treasury shares	Adopting a resolution on purchase of treasury shares	Adopting a resolution on the payment of dividend	
Lease liabilities	16 654	(4 273)	8 276	(293)	22	581	-	-	-	20 967
Liabilities to shareholders in respect of dividend payment	-	(100 739)	-	-	-	-	-	-	100 739	-
Receivables from eligible persons in the incentive plan	-	822	-	-	-	-	(822)	-	-	-
Liabilities in respect of purchase of treasury shares	-	(99 993)	-	-	-	-	-	99 993	-	-
Total	**16 654**	**(204 183)**	**8 276**	**(293)**	**22**	**581**	**(822)**	**99 993**	**100 739**	**20 967**

(all amounts in PLN thousand, unless stated otherwise)

Statement of the Management Board of the Parent Company

On the fairness of preparation of the 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 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 the Group's financial position and its results of operations in a true, fair and clear manner.

These 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 31 December 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 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.

On the entity authorized to audit the fairness of preparation of the annual consolidated financial statements

On 9 March 2022, the Supervisory Board of the Parent Company appointed 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 audit firms maintained by the Polish Agency for Audit Oversight with the number 4055.

As stated by the Company's Supervisory Board:

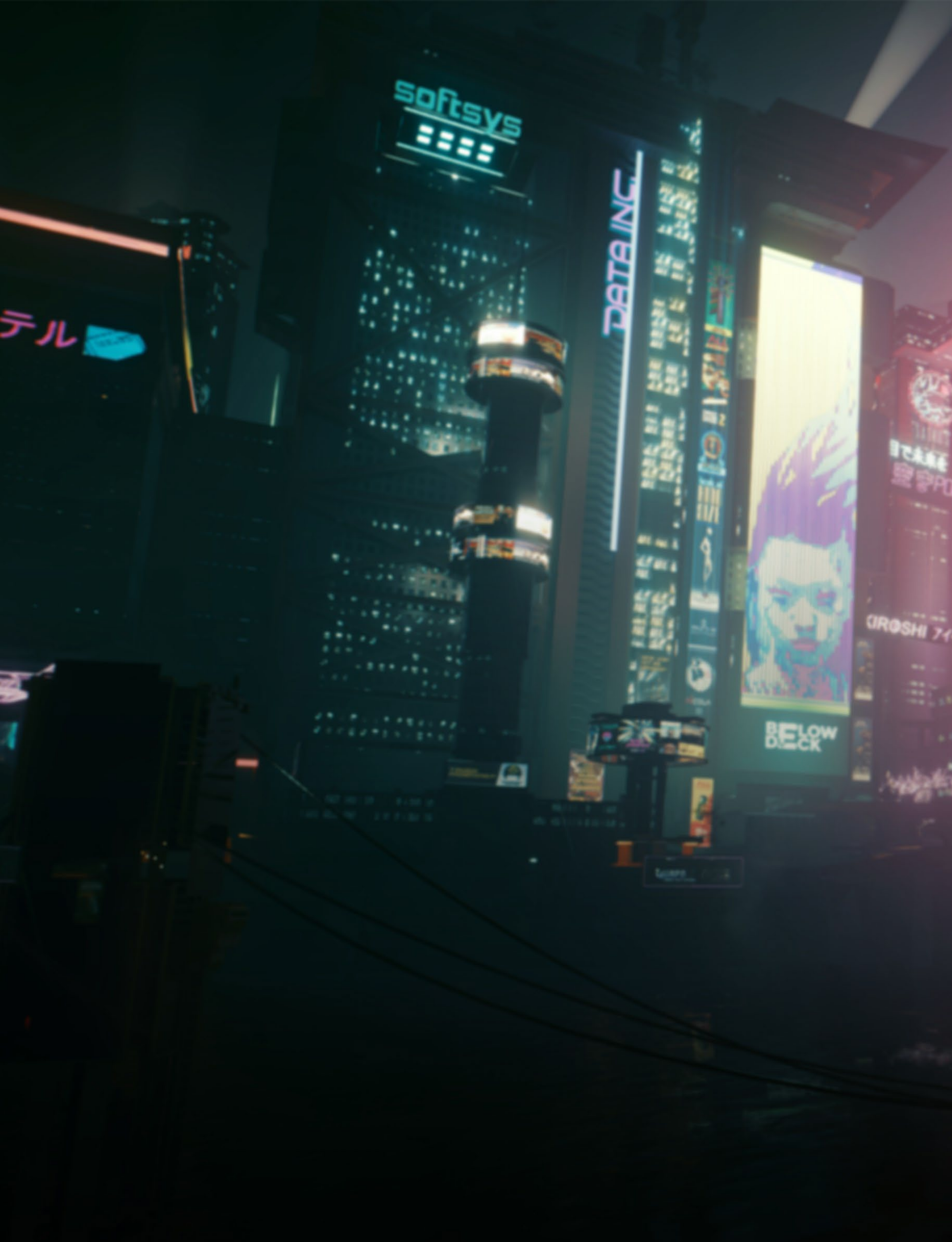
- The audit firm Grant Thornton Polska Prosta Spółka akcyjna with its registered office in Poznań and the members of the audit team fulfilled the conditions for the preparation of an impartial and independent report on the audit of the annual separate financial statements of CD PROJEKT S.A. and the consolidated financial statements of the CD PROJEKT S.A. Group for the financial year ending on 31 December 2023, in accordance with the applicable regulations, professional standards and principles of professional ethics;
- The CD PROJECT Group complies with the applicable regulations relating to the rotation of the audit firm and the key auditor, as well as mandatory grace periods;
- CD PROJEKT S.A. has a policy on the selection of the audit firm and the provision of additional non-audit services, including prohibited services conditionally exempted, to CD PROJEKT S.A. by the audit firm, an affiliate of the audit firm or a member of its network.

Approval of the financial statements

These consolidated financial statements of the CD PROJEKT Group were signed and approved for publication by the Management Board of CD PROJEKT S.A. on 28 March 2024 and will be subject to approval by the General Meeting of CD PROJEKT S.A.

Warsaw, 28 March 2024

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



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