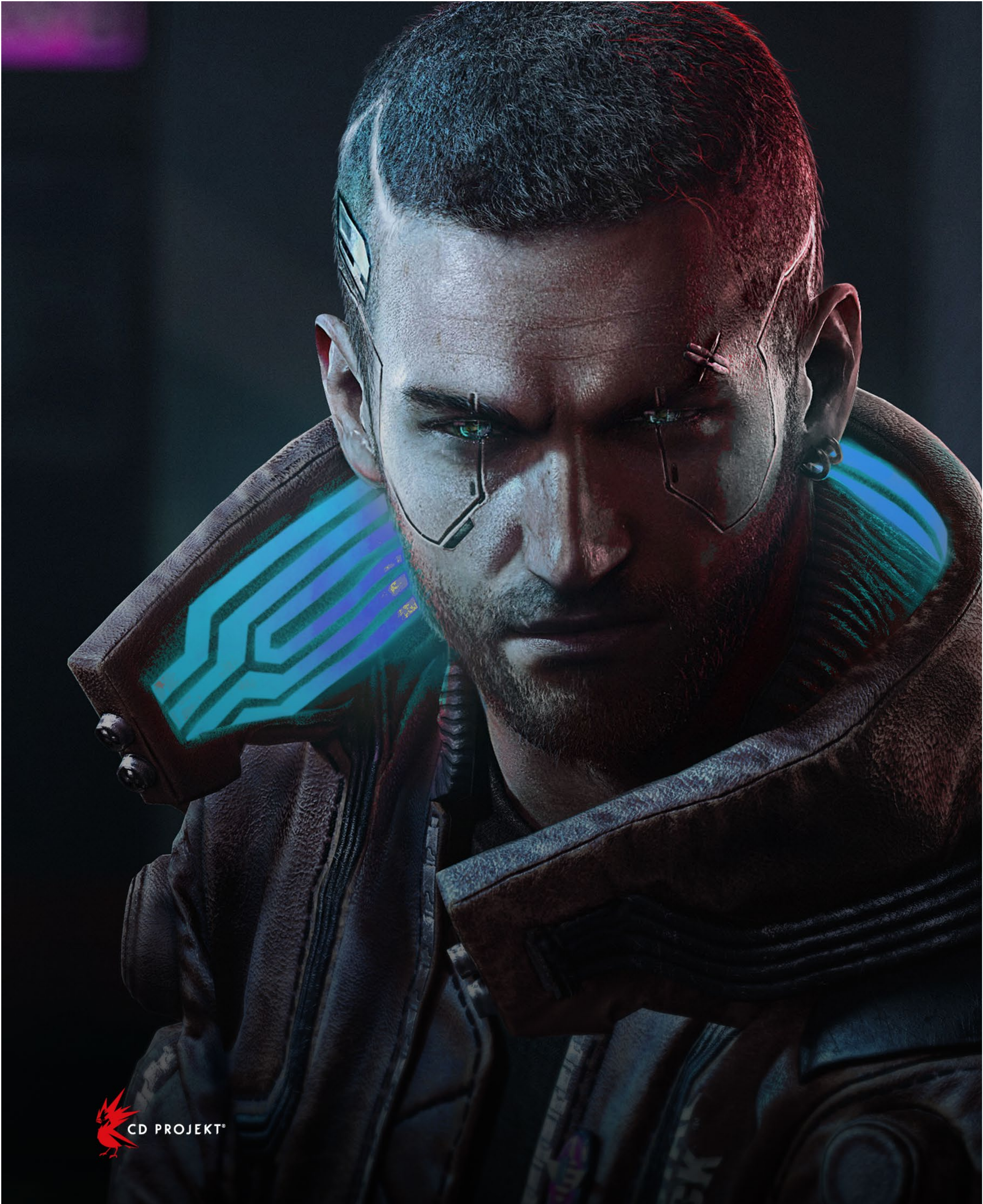

CD PROJEKT®

SEPARATE FINANCIAL STATEMENT OF CD PROJEKT S.A. FOR 2022

Disclaimer

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

Selected financial data translated into EUR

	PLN		EUR	
	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Net sales of products, services, goods for resale and materials	772 500	692 196	164 772	151 217
Cost of sales of products, services, goods for resale and materials	118 275	111 002	25 228	24 249
Operating profit/(loss)	370 998	265 323	79 133	57 962
Profit/(loss) before tax	384 893	254 234	82 096	55 540
Net profit/(loss) attributable to owners of CD PROJEKT S.A.	341 073	240 113	72 750	52 455
Net cash from operating activities	435 369	1 039 282	92 863	227 041
Net cash from investing activities	(340 989)	(611 597)	(72 732)	(133 609)
Net cash used in financing activities	(203 102)	(504 804)	(43 321)	(110 279)
Net increase/(decrease) in cash and cash equivalents	(108 722)	(77 119)	(23 190)	(16 847)
Number of shares (in thousands)	100 741	100 718	100 741	100 718
Net earnings/(loss) per share (in PLN)	3.39	2.38	0.72	0.52
Diluted earnings/(loss) per share (in PLN/EUR)	3.38	2.38	0.72	0.52
Book value per share (in PLN/EUR)	19.87	18.56	4.24	4.03
Diluted book value per share (in PLN/EUR)	19.87	18.55	4.24	4.03
Dividend declared or paid per share (in PLN/EUR)	1.00	5.00	0.21	1.09

	PLN		EUR	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Total assets	2 183 974	2 061 164	465 676	448 138
Liabilities and provisions for liabilities (excluding accruals)	163 511	162 670	34 864	35 368
Non-current liabilities	36 106	29 756	7 699	6 470
Current liabilities	146 103	162 359	31 153	35 300
Equity	2 001 765	1 869 049	426 825	406 368
Share capital	100 771	100 739	21 487	21 903

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

- Items of the separate income statement and the separate cash flow statement were translated at exchange rates calculated as an arithmetic mean of the exchange rates announced by the National Bank of Poland for the euro applicable as at the last day of each month in a given reporting period. These rates were, respectively, as follows: from 1 January to 31 December 2022: 4.6883 PLN/EUR and from 1 January to 31 December 2021: 4.5775 PLN/EUR.
- Items of assets, liabilities and equity in the separate statement of financial position were translated at exchange rates announced by the National Bank of Poland for the euro applicable on the last day of the reporting period. These rates were, respectively, as follows: 4.6899 PLN/EUR as at 31 December 2022 and 4.5994 PLN/EUR as at 31 December 2021.

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Key financial data of CD PROJEKT S.A.

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Income statement

	Note	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Sales revenue		**772 500**	**692 196**
Sales of products	1	761 508	678 566
Sales of services	1	1 745	5 502
Sales of goods for resale and materials	1	9 247	8 128
Cost of sales of products, services, goods for resale and materials		**118 275**	**111 002**
Costs of products and services sold	3	110 851	102 946
Cost of goods for resale and materials sold	3	7 424	8 056
Gross profit/(loss) on sales		**654 225**	**581 194**
Selling expenses	3	184 162	241 785
Administrative expenses	3	63 651	59 030
Other operating income	1,4	17 192	19 321
Other operating expenses	4	52 599	34 371
(Impairment)/reversal of impairment of financial instruments		(7)	(6)
Operating profit/(loss)		**370 998**	**265 323**
Finance income	1,5	64 712	3 876
Finance costs	5	50 817	14 965
Profit/(loss) before tax		**384 893**	**254 234**
Income tax	6	43 820	14 121
Net profit/(loss)		**341 073**	**240 113**
Net earnings/(loss) per share (in PLN)			
Basic for the reporting period	8	3.39	2.38
Diluted for the reporting period	8	3.38	2.38

Statement of comprehensive income

	Note	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Net profit/(loss)		**341 073**	**240 113**
Other comprehensive income subject to reclassification to gains or losses after specific conditions have been met:	**10**	**(12 724)**	**4 342**
Measurement of derivative financial instruments - fair value through other comprehensive income, taking into account the tax effect		(12 724)	4 342
Other comprehensive income not subject to reclassification to gains or losses	**10**	**-**	**-**
Total comprehensive income		**328 349**	**244 455**

(all amounts in PLN thousand, unless stated otherwise)

Statement of financial position

	Note	31.12.2022	31.12.2021*
NON-CURRENT ASSETS		**1 094 596**	**887 663**
Property, plant and equipment	11	143 439	103 986
Intangible assets	12	70 324	59 086
Expenditure on development projects	12	471 537	347 822
Investment properties	14	42 560	57 082
Goodwill	12,13	49 168	49 168
Investments in subordinated entities	15	53 566	43 447
Prepayments and deferred costs	21	5 314	4 741
Other financial assets	16,38	207 437	178 540
Deferred tax assets	6	50 868	43 418
Other receivables	20.38	383	373
CURRENT ASSETS		**1 089 378**	**1 173 501**
Inventories	18	9 886	13 539
Trade receivables	19,38	164 708	123 821
Other receivables	20	54 677	113 163
Prepayments and deferred costs	21	6 189	4 015
Other financial assets	16,38	279 515	308 168
Bank deposits over 3 months	38	337 330	265 000
Cash and cash equivalents	22,38	237 073	345 795
TOTAL ASSETS		**2 183 974**	**2 061 164**

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

	Note	31.12.2022	31.12.2021
EQUITY		**2 001 765**	**1 869 049**
Share capital	23	100 771	100 739
Supplementary capital	25	1 539 437	1 366 952
Share premium	25	116 700	115 909
Treasury shares	25	(99 993)	-
Other reserves	25	3 777	49 515
Retained earnings /(Accumulated losses)	26	-	(4 179)
Net profit (loss) for the period		341 073	240 113
NON-CURRENT LIABILITIES		**36 106**	**29 756**
Other financial liabilities	28,34,38	18 883	14 757
Other liabilities	29	2 620	2 860
Deferred income	35	3 666	6 403
Provision for retirement and similar benefits	36	339	368
Other provisions	37	10 598	5 368
CURRENT LIABILITIES		**146 103**	**162 359**
Other financial liabilities	28,34,38	1 788	18 620
Trade payables	30,38	39 587	16 028
Current income tax liabilities		2 116	24 445
Other liabilities	31	4 350	4 059
Deferred income	35	15 032	23 042
Provision for retirement and similar benefits	36	9	5
Other provisions	37	83 221	76 160
TOTAL LIABILITIES AND EQUITY		**2 183 974**	**2 061 164**

(all amounts in PLN thousand, unless stated otherwise)

Statement of changes in equity

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

(all amounts in PLN thousand, unless stated otherwise)

	Share capital	Supplementary capital	Share premium	Treasury shares	Other reserves	Retained earnings / (Accumulated losses)	Net profit (loss) for the period	Total equity
01.01.2021 – 31.12.2021								
Equity as at 01.01.2021	**100 655**	**737 542**	**113 844**	**-**	**47 068**	**1 132 235**	**-**	**2 131 344**
Corrections of errors	-	-	-	-	-	(4 179)	-	(4 179)
Equity, as adjusted	**100 655**	**737 542**	**113 844**	**-**	**47 068**	**1 128 056**	**-**	**2 127 165**
Costs of the incentive scheme	-	-	-	-	(1 025)	-	-	(1 025)
Share-based payments	84	869	2 065	-	(869)	-	-	2 149
Payment of dividend	-	-	-	-	-	(503 694)	-	(503 694)
Appropriation of the net profit/offset of loss	-	628 541	-	-	-	(628 541)	-	-
Total comprehensive income	-	-	-	-	4 341	-	240 113	244 454
Equity as at 31.12.2021	**100 739**	**1 366 952**	**115 909**	**-**	**49 515**	**(4 179)**	**240 113**	**1 869 049**

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

(all amounts in PLN thousand, unless stated otherwise)

Statement of cash flows

	Note	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
OPERATING ACTIVITIES			
Net profit /(loss)		**341 073**	**240 113**
Total adjustments:	**48**	**91 805**	**802 191**
Depreciation and amortization of property, plant and equipment, intangible assets, expenditure on development projects and investment properties		10 676	12 658
Amortization of development projects recognized as cost of goods sold		103 530	82 736
Foreign exchange gains/(losses)		4 584	(15 118)
Interest and participation in profits		(41 131)	(343)
Gains/(Losses) on investing activities		44 980	41 323
Increase/(Decrease) in provisions		(3 651)	(307 704)
(Increase)/Decrease in inventories		3 653	(9 712)
(Increase)/Decrease in receivables		(43 660)	1 067 693
Increase/(Decrease) in liabilities, excluding loans and borrowings		18 175	(57 773)
Change in other assets and liabilities		(13 736)	(13 846)
Other adjustments		8 385	2 277
Cash from operating activities		**432 878**	**1 042 304**
Income tax expense		11 550	8 263
Withholding tax paid abroad		32 270	5 858
Income tax (paid)/refunded		(41 329)	(17 143)
Net cash from operating activities		**435 369**	**1 039 282**

(all amounts in PLN thousand, unless stated otherwise)

	Note	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021*
INVESTING ACTIVITIES			
Inflows		**1 291 485**	**263 407**
Sale of intangible assets and property, plant and equipment		266	1 015
Expenditure on development projects provided as part of a consortium		-	152
Repayment of loans granted		13 220	5 301
Sale of shares in a subsidiary		76	19
Expiry of bank deposits over 3 months		975 860	164 368
Redemption of bonds		268 426	82 715
Interest on bonds		7 879	1 703
Interest received on deposits		25 481	68
Inflows from execution of forward contracts		-	7 887
Other inflows from investing activities		277	179
Outflows		**1 632 474**	**875 004**
Acquisition of intangible assets and property, plant and equipment		47 676	27 789
Expenditure on development projects		207 435	155 265
Acquisition of investment properties and capitalization of expenditure		214	2 085
Loans granted		4 787	7 339
Acquisition of a subsidiary		-	7 679
Contribution to the capital of a subsidiary		40 149	13 018
Placement of bank deposits over 3 months		1 048 190	265 000
Purchase of private equity interests in the gaming sector		2 556	-
Purchase of bonds and cost of their purchase		253 580	396 829
Outflows from execution of forward contracts		27 887	-
Net cash from investing activities		**(340 989)**	**(611 597)**
FINANCING ACTIVITIES			
Inflows		**861**	**2 189**
Net proceeds from the sale of shares and issue of shares in the execution of the incentive scheme		822	2 149
Payment of finance lease liabilities		39	40
Outflows		**203 963**	**506 993**
Purchase of treasury shares for redemption		99 993	-
Dividends and other distributions to shareholders		100 739	503 694
Payment of lease liabilities		2 685	2 834
Interest paid		546	465
Net cash used in financing activities		**(203 102)**	**(504 804)**
Net increase/(decrease) in cash and cash equivalents		**(108 722)**	**(77 119)**
Change in cash and cash equivalents in the balance sheet		**(108 722)**	**(77 119)**
Cash and cash equivalents as at the beginning of the period		**345 795**	**422 914**
Cash and cash equivalents at the end of the period		**237 073**	**345 795**

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

Notes to the separate 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:	Production and publishing of video games and associated products
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 Company:	Unspecified

Changes in accounting policies

The accounting policies applied in these separate financial statements, material judgements made by the Management Board with regard to the accounting policies applied by the Company and the main sources of estimating uncertainties are consistent, in all material respects, with the policy adopted for preparing the separate annual financial statements of CD PROJEKT for 2021, 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 separate financial statements have been prepared based on the assumption that the 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 separate financial statements, the Management Board of the Company has not identified any facts or circumstances which would indicate any threats to the Company continuing in operation as a going concern for a period of 12 months after the end of the reporting period as a result of the intended or forced discontinuation or significant curtailment of its existing operations.

By the date of preparing the separate financial statements for the period from 1 January to 31 December 2022, the Management Board of the 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 separate financial statements.

(all amounts in PLN thousand, unless stated otherwise)

Quotations on the regulated market

General Information

Stock exchange	Giełda Papierów Wartościowych w Warszawie S.A. ul. Książęca 4 00-498 Warsaw
Symbol at WSE	CDR

Deposit and settlements system

Deposit and settlements system	Krajowy Depozyt Papierów Wartościowych S.A. (KDPW) ul. Książęca 4 00-498 Warsaw

Contact with investors

Investor relations	gielda@cdprojekt.com

Compliance with the International Financial Reporting Standards

The Company's 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 2022.

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

In preparing the separate financial statements for 2022, the Company applies the same accounting policies as in preparing the annual financial statements for 2021, 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 2022:

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

  Amendments to ***IFRS 3** Business Combinations*, concerning references to the *Conceptual Framework*.

  The amendments introduce an exception to the recognition principle under ***IFRS 3*** to avoid the issue of potential "day two" gains and losses with reference to liabilities and commitments that were within the scope of ***IAS 37** Provisions, Contingent Liabilities and Contingent Assets* or ***IFRIC 21** Levies*, if they occurred separately. The exception requires the application of the criteria under ***IAS 37*** or ***IFRIC 21***, as applicable, rather than the requirements under the *Conceptual Framework* to determine whether they have occurred at a particular date.

  The amendments do not have a material impact on the accounting policies adopted by the Company with regard to the Company's operations or its financial results.

(all amounts in PLN thousand, unless stated otherwise)

Amendments to ***IAS 16*** *Property*, *Plant and Equipment*, relating to revenue earned before an item of property, plant and equipment is commissioned.

The amendments prohibit entities from reducing the cost of purchase or manufacture of property, plant and equipment by the amount of proceeds from the sale of products made in the course of bringing an asset to the desired location and condition necessary for it to be able to operate in the manner intended by management. Instead, the entity recognizes the proceeds from the sale of such products and the costs of their manufacture in the statement of comprehensive income.

The amendments do not have a material impact on the accounting policies adopted by the Company with regard to the Company's operations or its financial results.

Amendments to ***IAS 37*** *Provisions, Contingent Liabilities and Contingent Assets*, relating to the costs of fulfilling onerous contracts.

In May 2020, the IASB published amendments to ***IAS 37*** *Provisions, Contingent Liabilities and Contingent Assets,* the purpose of which is to specify which costs should be taken into account by an entity when assessing whether a contract is an onerous contract or brings losses. In making the changes, the "directly related costs" approach was applied. Costs directly attributable to a contract for the provision of goods or services include both incremental costs (e.g. direct labour costs) and the allocation of costs directly attributable to contract activities (e.g. depreciation of equipment used to perform the contract or contract management and supervision costs). General and administrative expenses are excluded as they do not directly relate to a contract. The exception is when such costs are re-invoiced to the other party of the contract.

The amendments do not have a material impact on the accounting policies adopted by the Company with regard to the Company's operations or its financial results.

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

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

- ***IFRS 17***, *Insurance Contracts* - endorsed on 19 November 2021, applicable to reporting periods beginning on or after 1 January 2023;
- Amendments to ***IAS 1*** and *Practice Statement 2: Disclosure of Accounting Policies* (published on 12 February 2021) – endorsed on 2 March 2022 and applicable to annual periods beginning on or after 1 January 2023;
- Amendments to ***IAS 8,*** *Accounting Policies, Changes in Accounting Estimates and Errors* – endorsed on 2 March 2022 and applicable to periods beginning on or after 1 January 2023;
- Amendments to ***IAS 12,*** *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* – endorsed on 11 August 2022 and applicable to periods beginning on or after 1 January 2023;
- Amendments to ***IFRS 17***, *Insurance Contracts* concerning *Initial Application of IFRS 17 and IFRS 9 – Comparative Information* – endorsed on 8 September 2022 and applicable to periods beginning on or after 1 January 2023.

The Company does not expect the introduction of these amendments to have a material impact on the accounting policies adopted by the Company with regard to the Company'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 Company did not apply the following standards, amendments and interpretations which have not yet been endorsed by the EU:

- Amendment to ***IAS 1*** *Presentation of financial statements: Classification of liabilities as current or non-current* - applicable to reporting periods beginning on or after 1 January 2024;
- Amendments to ***IFRS 16,*** *"Leases": Lease Liability in a Sale and Leaseback* – applicable to reporting periods beginning on or after 1 January 2024.

The Company is analysing the estimated impact of the standards and amendments listed above on the Company'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 Company, resulting in an increase in equity other than the increases due to contributions made by shareholders.

The Company 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 Company upon fulfilment (or in the process of fulfilment) of the performance obligation to transfer the promised good or service (i.e. asset) to the customer. Payment from the customer is required to meet this performance obligation. The transaction price is the amount of consideration that the Company 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 Company'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. Payment from the customer is required upon the distributor submitting the sales reports.

The Company 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.

The Company receives short-term advances from its customers and avails itself of the simplification permitted by *IFRS 15* by presenting advance payments as deferred income instead of recognizing a financing component, if the entity 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 on 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 Company 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 either from goodwill or from the initial recognition of another asset or liability in a transaction that affects neither the tax nor the accounting profit or loss.

Deferred tax provision is recognized on temporary differences arising from investments in subsidiaries, associates and joint ventures, unless the Company 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 (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 not 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 by comparing proceeds on disposal with net book amounts of these assets and included in the Income statement.

Intangible assets - Expenditure on development projects

The Company classifies expenditure on 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.

At the time of completion, the Company 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 exists 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 Company 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 Company amortizes the value of these projects based on the consumption of economic benefits related to the number of copies sold.

The Company 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 Company then establishes:

(i) the useful life based on the historical useful lives of previous comparable titles, normally not less than 3 years and not more than 6 years due to the possibility of making reliable estimates in an industry subject to dynamic change;

(ii) sales forecasts are the basis for determining amortization rates over the useful life;

(iii) then, based on professional judgement, the Company 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. Anime Cyberpunk: Edgerunners).

In the table below, the Company presents projects for which reliable estimates of sales volumes and budgets can be determined, together with the useful lives or amortization rates applied:

		Amortization for the period											
Title	Release period	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
The Witcher 3: Wild Hunt on Nintendo Switch	Q4 2019	40%	12%	8%	6%	6%	6%	6%	4%	4%	3%	3%	2%
Cyberpunk 2077	Q4 2020	40%	60% straight line over 5 years (1% per month)										

In other cases, the Company 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 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 work 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

Assets with a low initial unit cost not exceeding PLN 5 thousand are amortized on a simplified basis by making a one-off write-off.

The Company's separate 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 of the brands has got 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 separate 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 profit or loss. The Company recognizes 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 separate 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 Company reviews 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 a 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 from the net book amount of an asset (or a group of assets) the book value is reduced to recoverable amount. An impairment loss is recognized as an expense in the period in which it occurs, except when the asset was recognized in a revalued amount (impairment is then treated as a 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 set 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 the Company.

Investment properties are valued using the purchase price model.

Rights to 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 not shorter than 40 years.

The Company 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 Company as a lessee classifies an agreement 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 Company acts as a lessor, an agreement 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, an agreement 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 inception the Company, 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 Company 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 rights of use are tested for impairment in accordance with IAS 36.

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

Investments in subordinated entities

Shares in 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 Company classifies each financial asset upon initial recognition into of one of four categories of financial assets, which are distinguished based on the Company'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 Company 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 Company does not apply hedge accounting and therefore the regulations of IFRS 9 in this respect do not apply to it.

The Company 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 Company 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 increase 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 Company 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 Company does not apply the matrix separately to receivables portfolios as its business is fairly homogeneous. The Company's customers are mainly large multinational companies that settle their liabilities on time. The Company 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 Company 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 Company'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 pre-emptive rights, options and warrants pro rata to all current owners of the same class of the entity's non-derivative equity instruments.

The Company classifies 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 (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 (cost of purchase or production) and 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 Company recognizes accrued income for the purpose of allocating such income to future reporting periods when the income is realized.

Deferred income includes proceeds received or receivable 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.

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

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

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 as 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 the 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 types of equity components and in accordance with the binding regulations of the law and the provisions of the Company’s Articles of Association.

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

Supplementary capital is created from profits generated.

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

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 the 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 Company'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 the 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 Company does not offer participation in any post-employment benefit plans to its employees.

In 28 July 2020, a resolution was adopted by the Annual General Meeting of CD PROJEKT S.A. to introduce an incentive scheme for the years 2020–2025 for selected persons in CD PROJEKT S.A. and its Group companies. Targets have been set for the realization of which persons selected by the Management and Supervisory Boards of the Company will be granted subscription warrants entitling to subscribe for shares in the Company as part of a conditional increase in the Company's share capital, subject to the fulfilment of the performance and market targets. The incentive scheme is 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 Company's assets less all liabilities.

Payment of dividend

Dividends are recorded at the moment of establishing the rights of the 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 Company conducts operations ("the functional currency"). The financial statements are presented in Polish zloty (PLN), which is the functional and presentation currency of the Company.

Transactions and balances

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

Critical accounting estimates and judgements

Professional judgement

The Company's Management Board, based on its assessment performed as at the end of 2021 of the feasibility of achieving the performance targets set in the 2020–2025 incentive scheme, maintains its assessment, considering it most likely that the performance targets cannot be achieved over the full duration of the plan.

As at the end of each reporting period, the Company 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 Company 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 Company 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 Company 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 cash-generating units, 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 2022. No indications of impairment of the brands or goodwill were identified and no impairment of the assets was recognized on the basis of these tests. Impairment tests were also performed on the shares in subsidiaries as at 31 December 2022. The tests showed no indications of impairment and no impairment of the shares was recognized on the basis of these tests. A separate test was performed for Spokko sp. z o.o. in connection with its planned merger with CD PROJEKT S.A. using a valuation model up to the share of the net assets of the subsidiary.

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

	Trademarks	Goodwill
Cash flow forecast period	2023-2026 (4 years)	2023-2026 (4 years)
Discount rate (WACC)	13.35%	13.35%
Growth rate (g) for residual value	3%	3%

Valuation of provisions

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

The Company 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, the operating segment or a smaller business segment economically identified for the purpose of calculating performance-related remuneration. Provisions for performance-related remuneration are calculated under the principle of recursion - the value of the provisions reduces the underlying results accordingly.

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

Deferred income tax asset

The Company recognizes 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.

(all amounts in PLN thousand, unless stated otherwise)

Deferred tax provision

The Company 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 Company 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 no active market exists is determined using appropriate valuation techniques. The Company uses 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 Company verifies 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 Company 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 interim condensed separate financial statements, material judgements made by the Management Board with regard to the accounting policies applied by the Company and the main sources of estimating uncertainties are consistent, in all material respects, with the policy adopted for preparing the annual financial statements of CD PROJEKT S.A. for 2021, with the exception of changes in the accounting policies and presentation changes described below.

Presentation changes

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

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

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

- In the cash flow statement for the period from 1 January 2021 to 31 December 2021, presentation of interest received on deposits was changed. Consequently, the following items changed:
    - Other inflows from investing activities – a decrease of PLN 68 thousand
    - Interest on deposits – an increase of PLN 68 thousand.

Notes – other explanatory notes to the separate financial statements

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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 goods or services (i.e. assets) to the customer has been fulfilled (or is in the process of being fulfilled).

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Sales revenue	**772 500**	**692 196**
of which revenue from research and development projects	299 720	281 564
Sales of products	761 508	678 566
Sales of services	1 745	5 502
Sales of goods for resale and materials	9 247	8 128
Other income	**81 904**	**23 197**
Other operating income	17 192	19 321
Finance income	64 712	3 876
Total	**854 404**	**715 393**

Sales revenue – geographical structure*

	01.01.2022 – 31.12.2022		01.01.2021 – 31.12.2021	
	in PLN	in %	in PLN	in %
Domestic sales	**25 169**	**3.26%**	**23 468**	**3.39%**
Export sales, including:	**747 331**	**96.74%**	**668 728**	**96.61%**
Europe	89 326	11.56%	42 566	6.15%
North America	598 510	77.48%	568 645	82.15%
South America	-	-	144	0.02%
Asia	58 519	7.58%	58 066	8.39%
Australia	1 152	0.14%	(693)	(0.10)%
Africa	(176)	(0.02)%	-	-
Total	**772 500**	**100%**	**692 196**	**100%**

** The data presented relates to the place of residence of the Company's customers (distributors) and not the end users*

Sales revenue – by type of production

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Own production	761 508	678 566
Third party production	9 247	8 128
Other revenue	1 745	5 502
Total	**772 500**	**692 196**

(all amounts in PLN thousand, unless stated otherwise)

Sales revenue – by distribution channel

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Games - box issues	31 375	87 141
Games - digital issues	676 520	581 016
Other revenue	64 605	24 039
Total	**772 500**	**692 196**

Note 2. Operating segments

Information on business segments is provided in Chapter 3 “Notes – Operating segments” of the Consolidated Financial Statements of the CD PROJEKT Group for the period from 1 January to 31 December 2022.

Note 3. Operating expenses

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021*
Depreciation and amortization of property, plant and equipment, intangible assets, expenditure on development projects and investment properties, including:	10 676	12 658
depreciation on leased buildings	846	1 323
depreciation of leased vehicles	330	147
Materials and energy used	3 171	2 735
External services, including:	103 598	155 407
costs of short-term leases and low value leases	455	462
Taxes and fees	1 325	1 081
Salaries and wages, social insurance and other benefits	124 271	126 840
Business travel	3 063	519
Cost of using company cars	229	206
Cost of goods for resale and materials sold	7 424	8 056
Costs of products and services sold	110 851	102 946
Other costs	1 480	1 369
Total	**366 088**	**411 817**
Selling expenses	184 162	241 785
Total administrative expenses, including:	63 651	59 030
cost of research work	4 593	23 985
Cost of sales	118 275	111 002
Total	**366 088**	**411 817**

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

Depreciation and amortization and impairment write-downs recognized in the income statement

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Items included in cost of sales	**1 346**	**905**
Depreciation of tangible fixed assets	1 274	795
Amortization of intangible assets	72	110
Items included in selling expenses	**6 832**	**9 565**
Depreciation of tangible fixed assets	5 639	7 565
Amortization of intangible assets	1 193	2 000
Items included in administrative expenses	**3 844**	**3 093**
Depreciation of tangible fixed assets	3 074	2 363
Amortization of intangible assets	770	730
Items included in other operating expenses	**36 413**	**22 911**
Depreciation of investment properties	2 127	2 105
Impairment of expenditure on development projects	34 286	20 806
Total	**48 435**	**36 474**

Costs of employee benefits

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Salaries and wages	112 510	112 956
Social insurance and other benefits	7 716	9 819
Other employee benefits	4 045	4 065
Total costs of employee benefits	**124 271**	**126 840**
Items included in selling expenses	82 944	94 810
Items included in administrative expenses	41 327	32 030

Note 4. Other operating income and expenses

Other operating income

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Rental income	7 718	7 122
Other sales	3 696	161
Subsidies	3 188	7 929
Income from re-invoicing	1 206	2 886
Settlement of the financial liabilities in respect of leases	602	-
Fixed assets and goods for resale received free of charge	431	283
Gains on disposal of non-current assets	261	136
Damages received	-	468
Release of unused provisions for costs	-	271
Other	90	65
Total other operating income	**17 192**	**19 321**

(all amounts in PLN thousand, unless stated otherwise)

Other operating expenses

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Impairment write-downs of property, plant and equipment, intangible assets and expenditure on development projects	34 286	20 806
Cost of rental	4 838	4 908
Cost of sales on other sales	4 402	-
Cost of destruction of materials and goods for resale	2 755	963
Depreciation of investment properties	2 127	2 105
Donations and charity	1 211	415
Costs relating to re-invoicing	1 206	2 887
Scrapping of property, plant and equipment items and intangible assets	1 039	668
Costs incurred on redevelopment of the car park	551	-
Provision for the uninsured portion of the US court settlement costs	126	1 502
Scrapping of investment properties	-	51
Help Me Refund – funds to be returned	-	33
Other	58	33
Total other operating expenses	**52 599**	**34 371**

Note 5. Finance income and costs

Finance income

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Interest income	**41 946**	**1 594**
on current bank deposits	25 481	68
on bonds	16 231	1 321
on loans	234	205
Other finance income	**22 766**	**2 282**
gain on redemption of bonds	22 752	-
forward contracts - Management Board	2	6
settlement and measurement of derivative financial instruments	-	2 271
other finance income	12	5
Total finance income	**64 712**	**3 876**

(all amounts in PLN thousand, unless stated otherwise)

Finance costs

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Interest expense	**836**	**1 288**
on lease contracts	546	464
on bonds	269	787
on liabilities to the State Treasury	21	37
Other finance costs	**49 981**	**13 677**
net foreign exchange losses	17 312	10 207
impairment of non-current financial assets	30 171	1 668
settlement and measurement of derivative financial instruments	2 172	-
commission and fees on purchase of bonds	326	364
loss on redemption of bonds	-	1 436
other finance costs	-	2
Total finance costs	**50 817**	**14 965**
Net finance income/expense	**13 895**	**(11 089)**

Note 6. Corporate income tax and deferred income tax

The main items of income tax expense for the years ended 31 December 2022 and 31 December 2021 are as follows:

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Current income tax	**51 270**	**46 149**
For the financial year	18 912	40 291
Adjustments relating to prior years	88	-
Withholding tax paid abroad	32 270	5 858
Deferred income tax	**(7 450)**	**(32 028)**
Related to temporary differences arising and reversed	(7 450)	(32 028)
Income tax expense shown in the income statement	**43 820**	**14 121**
Effective tax rate	**11.38%**	**5.55%**

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

	01.01.2022 – 31.12.2022		01.01.2021 – 31.12.2021	
	Income from other sources of revenue	**Income from capital gains**	**Income from other sources of revenue**	**Income from capital gains**
Profit/(loss) before tax	**403 822**	**(18 929)**	**273 636**	**(19 402)**
Income increasing the tax base	967	6 646	2 377	1 606
Income relating to subsequent periods	(34 296)	-	908 111	-
Non-taxable income	(4 183)	(10 359)	(9 009)	5 530
Income from advance payments disclosed for tax purposes	7 596	-	-	-
Costs reducing the tax base	(110 005)	-	(14 100)	-
Non-deductible costs	153 532	28 822	(95 940)	19 983
Taxable income	**417 433**	**6 180**	**1 065 075**	**7 717**
Deductions from income – loss	-	(6 180)	(226 106)	(7 717)
Deductions from income – donation and charity	(1 169)	-	-	-
Deductions from income – research and development relief	(37 567)	-	(31 741)	-
Deductions from income – tax-free income	(453)	-	(1 403)	-
Tax base, including:	**378 244**	**-**	**805 825**	**-**
tax base at 5% (profit)	**378 244**	**-**	**805 825**	**-**
Income tax calculated in Poland at 5%	18 912	-	40 291	-
Income tax	**18 912**	**-**	**40 291**	**-**

The current part of the income tax was determined either at the corporate income tax rate of 19% for the tax base corresponding to income from other sources, and at the rate of 5% for the tax base corresponding to income from qualifying intellectual property rights (the so-called IP BOX).

(all amounts in PLN thousand, unless stated otherwise)

Deductible temporary differences underlying the deferred tax asset

	31.12.2021	Differences affecting the deferred tax recognized in the profit or loss	31.12.2022
Provision for other employee benefits	372	(24)	348
Provision for costs of performance-related and other remuneration	39 400	9 319	48 719
Foreign exchange losses	2 286	4 832	7 118
Difference between the carrying and tax amount of expenditure on development projects	24 792	10 056	34 848
Salaries and wages and social security payable in future periods	61	(14)	47
Other provisions	47 501	(14 219)	33 282
Research and development relief	301 954	15 973	317 927
Prepayments recognized as revenue for tax purposes	1 469	6 054	7 523
Total deductible differences, including:	**417 835**	**31 977**	**449 812**
taxed at 5%	60 417	11 234	71 651
taxed at 19%	357 418	20 743	378 161
Deferred income tax asset	**70 930**	**4 503**	**75 433**

Taxable temporary differences underlying the deferred tax provision

	31.12.2021	Differences affecting the deferred tax recognized in the profit or loss	31.12.2022
Difference between the net carrying amount and tax amount of property, plant and equipment and intangible assets	14 129	2 229	16 358
Current period revenue invoiced in the subsequent period/accrued income	128 789	4 098	132 887
Foreign exchange gains	14 786	(6 369)	8 417
Difference between the carrying and tax amount of expenditure on development projects	271 672	(18 078)	253 594
Other	91	94	185
Total taxable differences, including:	**429 467**	**(18 026)**	**411 441**
taxed at 5%	386 323	(3 413)	382 910
taxed at 19%	43 144	(14 613)	28 531
Deferred tax provision	**27 513**	**(2 948)**	**24 565**

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

Net deferred tax asset/provision

	31.12.2022	31.12.2021
Deferred tax asset	75 433	70 931
Deferred tax provision	24 565	27 513
Net deferred tax – asset/(provision)	**50 868**	**43 418**

(all amounts in PLN thousand, unless stated otherwise)

Note 7. Discontinued operations

The Company did not discontinue any operations in the current nor in the previous year.

Note 8. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders of the 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 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 2022, the diluting instruments comprised subscription warrants allotted under the incentive schemes, entitling the holder to take up shares in the Company in the future.

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

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Weighted average number of shares for the calculation of basic earnings per share (no. of units)	100 741 467	100 717 756
Weighted average number of shares for the calculation of diluted earnings per share (no. of units)	100 764 969	100 763 966
Net profit/(loss) shown for the purpose of calculating diluted earnings per share	341 073	240 113
Basic net earnings/(loss) per share	**3.39**	**2.38**
Diluted net earnings/(loss) per share	**3.38**	**2.38**

Note 9. Dividend paid (or declared) and received

On 28 June 2022, the Ordinary Shareholders Meeting of CD PROJEKT S.A. decided to set aside a part of the Company's net profit for 2021 for distribution to shareholders as dividend. In accordance with the Resolution adopted, on 12 July 2022, the Company paid out PLN 100,739 thousand, i.e. 1 PLN per share. The number of the Company's shares giving right to the dividend was 100,738,800.

Note 10. Disclosure of other comprehensive income items and their tax effect

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Net profit/(loss)	**341 073**	**240 113**
Measurement of bonds issued by foreign governments	(12 724)	4 238
Tax effect of the measurement of bonds	-	104
Total comprehensive income	**328 349**	**244 455**

(all amounts in PLN thousand, unless stated otherwise)

Note 11. Property, plant and equipment

Ownership structure of property, plant and equipment

	31.12.2022	31.12.2021*
Own assets	122 595	88 350
Used under lease contracts	20 844	15 636
Total	**143 439**	**103 986**

** restated data*

Property, plant and equipment with restricted legal title

	31.12.2022	31.12.2021
Used under lease contracts	20 844	15 636
Total	**20 844**	**15 636**

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

	31.12.2022	31.12.2021
Leasing of passenger cars	599	429
Total	**599**	**429**

(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 marine engineering facilities	Plant and machinery	Vehicles	Other fixed assets	Assets under construction	Total
Gross carrying amount as at 01.01.2022	**40 435**	**57 033**	**1 876**	**43 728**	**2 986**	**4 844**	**2 225**	**153 127**
Increase due to:	**-**	**21 055**	**277**	**9 254**	**1 303**	**1 026**	**26 973**	**59 888**
purchase	-	512	-	8 740	-	987	26 853	37 092
lease contracts concluded	-	6 831	4	-	1 303	-	-	8 138
transfer from assets under construction	-	197	-	2	-	39	-	238
transfer from investment properties	-	13 515	273	-	-	-	120	13 908
reclassification	-	-	-	81	-	-	-	81
free of charge receipt	-	-	-	431	-	-	-	431
Decrease due to:	**-**	**1 341**	**228**	**2 355**	**1 348**	**175**	**1 191**	**6 638**
sale	-	-	-	283	739	1	-	1 023
scrapping	-	816	228	1 840	609	93	24	3 610
transfer from assets under construction	-	-	-	-	-	-	238	238
reclassification	-	-	-	-	-	81	929	1 010
lease contracts terminated	-	525	-	-	-	-	-	525
other	-	-	-	232	-	-	-	232
Gross carrying amount as at 31.12.2022	**40 435**	**76 747**	**1 925**	**50 627**	**2 941**	**5 695**	**28 007**	**206 377**
Accumulated depreciation as at 01.01.2022	**1 250**	**15 200**	**558**	**27 888**	**1 630**	**2 615**	**-**	**49 141**
Increase due to:	**567**	**6 889**	**239**	**9 416**	**458**	**923**	**-**	**18 492**
depreciation charge	567	5 654	210	9 365	458	923	-	17 177
transfer from investment properties	-	1 235	29	-	-	-	-	1 264
reclassification	-	-	-	51	-	-	-	51
Decrease due to:	**-**	**1 341**	**80**	**2 340**	**810**	**124**	**-**	**4 695**
sale	-	-	-	278	739	1	-	1 018
scrapping	-	816	80	1 828	71	72	-	2 867
reclassification	-	-	-	-	-	51	-	51
lease contracts terminated	-	525	-	-	-	-	-	525
other	-	-	-	234	-	-	-	234
Accumulated depreciation as at 31.12.2022	**1 817**	**20 748**	**717**	**34 964**	**1 278**	**3 414**	**-**	**62 938**
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**	**41 833**	**1 318**	**15 840**	**1 356**	**2 229**	**2 225**	**103 986**
Net carrying amount as at 31.12.2022	**38 618**	**55 999**	**1 208**	**15 663**	**1 663**	**2 281**	**28 007**	**143 439**

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

Changes in property, plant and equipment (by category) for the period 01.01.2021 – 31.12.2021*

	Land	Buildings and structures	Civil and marine engineering facilities	Plant and machinery	Vehicles	Other fixed assets	Assets under construction	Total
Gross carrying amount as at 01.01.2021	**35 986**	**62 145**	**1 834**	**31 863**	**2 538**	**3 083**	**1 651**	**139 100**
Increase due to:	**4 449**	**9 231**	**53**	**13 164**	**1 253**	**1 765**	**9 429**	**39 344**
purchase	-	1 199	53	13 164	17	1 534	9 429	25 396
lease contracts concluded	-	77	-	-	1 236	-	-	1 313
transfer from assets under construction	-	7 955	-	-	-	231	-	8 186
transfer from investment properties	4 449	-	-	-	-	-	-	4 449
Decrease due to:	**-**	**14 343**	**11**	**1 299**	**805**	**4**	**8 855**	**25 317**
sale	-	815	-	328	189	-	-	1 332
scrapping	-	186	11	971	616	4	-	1 788
transfer from assets under construction	-	-	-	-	-	-	8 855	8 855
transfers to investment properties	-	13 342	-	-	-	-	-	13 342
Gross carrying amount as at 31.12.2021	**40 435**	**57 033**	**1 876**	**43 728**	**2 986**	**4 844**	**2 225**	**153 127**
Accumulated depreciation as at 01.01.2021	**588**	**11 181**	**275**	**22 454**	**1 588**	**1 964**	**-**	**38 050**
Increase due to:	**662**	**4 733**	**286**	**6 582**	**386**	**654**	**-**	**13 303**
depreciation charge	567	4 733	286	6 582	386	654	-	13 208
transfer from investment properties	95	-	-	-	-	-	-	95
Decrease due to:	**-**	**714**	**3**	**1 148**	**344**	**3**	**-**	**2 212**
transfers to investment properties	-	638	-	-	-	-	-	638
sale	-	-	-	274	180	-	-	454
scrapping	-	76	3	874	164	3	-	1 120
Accumulated depreciation as at 31.12.2021	**1 250**	**15 200**	**558**	**27 888**	**1 630**	**2 615**	**-**	**49 141**
Impairment write-downs as at 01.01.2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Impairment write-downs as at 31.12.2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net carrying amount as at 01.01.2021	**35 398**	**50 964**	**1 559**	**9 409**	**950**	**1 119**	**1 651**	**101 050**
Net carrying amount as at 31.12.2021	**39 185**	**41 833**	**1 318**	**15 840**	**1 356**	**2 229**	**2 225**	**103 986**

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

Property, plant and equipment under construction

	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	2 011	1 815	61	228	3 537
Redevelopment of car park	-	25 158	862	-	24 296
Other	214	-	7	33	174
Total	**2 225**	**26 973**	**930**	**261**	**28 007**

	01.01.2021	Expenditure incurred in the financial year	Reclassification of costs	Settlement of capital expenditure	31.12.2021
Redevelopment of the Jagiellońska 74 property	1 612	9 254	-	8 855	2 011
Other	39	175	-	-	214
Total	**1 651**	**9 429**	**-**	**8 855**	**2 225**

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

	31.12.2022			31.12.2021		
	Gross amount	Accumulated depreciation	Net amount	Gross amount	Accumulated depreciation	Net amount
Land	14 540	669	13 871	14 540	464	14 076
Real properties	10 734	5 348	5 386	4 718	4 357	361
Civil and marine engineering facilities	99	99	-	94	47	47
Vehicles	1 930	343	1 587	1 236	84	1 152
Total	**27 303**	**6 459**	**20 844**	**20 588**	**4 952**	**15 636**

(all amounts in PLN thousand, unless stated otherwise)

Note 12. Intangible assets and expenditure on development projects

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

	Expenditure on development projects in progress	Expenditure on completed development projects	Trademarks	Patents and licenses	Copyright	Computer software	Goodwill	Intangible assets under construction	Total
Gross carrying amount as at 01.01.2022	**95 172**	**798 492**	**34 467**	**1 497**	**18 331**	**30 132**	**49 168**	**9**	**1 027 268**
Increase due to:	**261 841**	**88 101**	**-**	**2 475**	**628**	**14 074**	**-**	**422**	**367 541**
purchase	-	-	-	2 475	520	13 599	-	422	17 016
assets internally generated	261 841	-	-	-	-	-	-	-	261 841
transfer from intangible assets under construction	-	-	-	-	108	-	-	-	108
reclassification from expenditure on development projects in progress	-	88 101	-	-	-	-	-	-	88 101
reclassification	-	-	-	-	-	475	-	-	475
Decrease due to:	**109 217**	**-**	**-**	**473**	**-**	**13**	**-**	**431**	**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	-	-	473	-	-	-	323	823
Gross carrying amount as at 31.12.2022	**247 796**	**886 593**	**34 467**	**3 499**	**18 959**	**44 193**	**49 168**	**-**	**1 284 675**
Accumulated amortization as at 01.01.2022	**-**	**525 036**	**-**	**1 273**	**173**	**23 904**	**-**	**-**	**550 386**
Increase due to:	**-**	**103 530**	**-**	**834**	**128**	**4 482**	**-**	**-**	**108 974**
depreciation charge	-	103 530	-	834	128	4 482	-	-	108 974
Decrease	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Accumulated amortization as at 31.12.2022	**-**	**628 566**	**-**	**2 107**	**301**	**28 386**	**-**	**-**	**659 360**
Impairment write-downs as at 01.01.2022	**20 806**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20 806**
Increase due to:	**34 286**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**34 286**
impairment	34 286	-	-	-	-	-	-	-	34 286
Decrease due to:	**20 806**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20 806**
reversal of write-downs (write-off)	20 806	-	-	-	-	-	-	-	20 806
Impairment write-downs as at 31.12.2022	**34 286**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**34 286**
Net carrying amount as at 01.01.2022	**74 366**	**273 456**	**34 467**	**224**	**18 158**	**6 228**	**49 168**	**9**	**456 076**
Net carrying amount as at 31.12.2022	**213 510**	**258 027**	**34 467**	**1 392**	**18 658**	**15 807**	**49 168**	**-**	**591 029**

(all amounts in PLN thousand, unless stated otherwise)

Changes in intangible assets and expenditure on development projects for the period 01.01.2021 – 31.12.2021

	Expenditure on development projects in progress	Expenditure on completed development projects	Trademarks	Patents and licenses	Copyright	Computer software	Goodwill	Intangible assets under construction	Total
Gross carrying amount as at 01.01.2021	**28 890**	**798 035**	**34 467**	**1 435**	**18 331**	**26 277**	**49 168**	**1 129**	**957 732**
Increase due to:	**66 891**	**457**	**-**	**153**	**-**	**3 855**	**-**	**209**	**71 565**
purchase	-	-	-	153	-	2 526	-	209	2 888
transfer from intangible assets under construction	-	-	-	-	-	1 329	-	-	1 329
reclassification from expenditure on development projects in progress	-	457	-	-	-	-	-	-	457
assets internally generated	66 891	-	-	-	-	-	-	-	66 891
Decrease due to:	**609**	**-**	**-**	**91**	**-**	**-**	**-**	**1 329**	**2 029**
scrapping	-	-	-	91	-	-	-	-	91
transfer from intangible assets under construction	-	-	-	-	-	-	-	1 329	1 329
transfer from expenditure on development projects in progress	457	-	-	-	-	-	-	-	457
transfer of expenditure on development projects within the consortium	152	-	-	-	-	-	-	-	152
Gross carrying amount as at 31.12.2021	**95 172**	**798 492**	**34 467**	**1 497**	**18 331**	**30 132**	**49 168**	**9**	**1 027 268**
Accumulated amortization as at 01.01.2021	**-**	**442 300**	**-**	**1 043**	**48**	**20 423**	**-**	**-**	**463 814**
Increase due to:	**-**	**82 736**	**-**	**321**	**125**	**3 481**	**-**	**-**	**86 663**
amortization charge	-	82 736	-	321	125	3 481	-	-	86 663
Decrease due to:	**-**	**-**	**-**	**91**	**-**	**-**	**-**	**-**	**91**
scrapping	-	-	-	91	-	-	-	-	91
Accumulated amortization as at 31.12.2021	**-**	**525 036**	**-**	**1 273**	**173**	**23 904**	**-**	**-**	**550 386**
Impairment write-downs as at 01.01.2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Increase due to:	**20 806**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20 806**
impairment	20 806	-	-	-	-	-	-	-	20 806
Impairment write-downs as at 31.12.2021	**20 806**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20 806**
Net carrying amount as at 01.01.2021	**28 890**	**355 735**	**34 467**	**392**	**18 283**	**5 854**	**49 168**	**1 129**	**493 918**
Net carrying amount as at 31.12.2021	**74 366**	**273 456**	**34 467**	**224**	**18 158**	**6 228**	**49 168**	**9**	**456 076**

(all amounts in PLN thousand, unless stated otherwise)

Intangible assets – ownership structure

	31.12.2022	31.12.2021
Own assets	70 324	59 086
Total	**70 324**	**59 086**

Intangible assets under construction

	01.01.2022	Expenditure incurred in the financial year	Reclassification of costs	Settlement of capital expenditure	31.12.2022
Document flow system	9	-	9	-	-
System for virtualization and cloud computing	-	314	314	-	-
cdprojektred.com website	-	108	-	108	-
Total	**9**	**422**	**323**	**108**	**-**

	01.01.2021	Expenditure incurred in the financial year	Reclassification of costs	Settlement of capital expenditure	31.12.2021
HR management support system	1 129	200	-	1 329	-
Document flow system	-	9	-	-	9
Total	**1 129**	**209**	**-**	**1 329**	**9**

Amounts of contractual commitments to purchase intangible assets in future

Not applicable.

Intangible assets – restriction on disposal

Not applicable.

(all amounts in PLN thousand, unless stated otherwise)

Note 13. 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 01.01.2022	**39 147**	**10 021**	**49 168**
Gross carrying amount as at 31.12.2022	**39 147**	**10 021**	**49 168**
Impairment write-downs as at 01.01.2022	**-**	**-**	**-**
Impairment write-downs at 31.12.2022	**-**	**-**	**-**
Net carrying amount as at 01.01.2022	**39 147**	**10 021**	**49 168**
Net carrying amount as at 31.12.2022	**39 147**	**10 021**	**49 168**

Impairment tests of goodwill require estimating the value in use of the cash-generating unit. In estimating the value in use, the 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 Company performed the most recent impairment test of goodwill as at 31 December 2022. The Company identified no indications of impairment of goodwill.

Business combinations

Not applicable.

Note 14. Investment properties

The Company owns a real estate complex located at ul. Jagiellońska 76 in Warsaw. Given that a part of the properties purchased is leased out to third parties, including CD PROJEKT Group companies, the Company 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 Company 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 building at ul. Jagiellońska 74, and PLN 13 212 thousand for the building at ul. Jagiellońska 76.

(all amounts in PLN thousand, unless stated otherwise)

Movements in investment properties for the period 01.01.2022 – 31.12.2022 and 01.01.2021 – 31.12.2021

	31.12.2022	31.12.2021*
Gross carrying amount as at the beginning of the period	**61 573**	**50 650**
Increase due to:	**282**	**15 428**
capitalized expenditure	282	2 086
reclassification of expenditures from property, plant and equipment after commissioning of the investment property	-	13 342
Decrease due to:	**13 908**	**4 505**
scrapping	-	56
reclassification to other asset categories	13 908	4 449
Gross carrying amount as at the end of the period	**47 947**	**61 573**
Accumulated depreciation as at the beginning of the period	**4 491**	**1 809**
Increase due to:	**2 160**	**2 782**
amortization charge	2 160	2 144
reclassification from perpetual usufruct of land and from property, plant and equipment	-	638
Decrease due to:	**1 264**	**100**
scrapping	-	5
reclassification to other asset categories	1 264	95
Accumulated depreciation as at the end of the period	**5 387**	**4 491**
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	**42 560**	**57 082**

** restated data*

Contractual liabilities on purchase of investment properties

Not applicable.

(all amounts in PLN thousand, unless stated otherwise)

Note 15. Investments in subordinated entities

Investments in subordinated entities measured at cost

	31.12.2022	31.12.2021
Shares in subordinated entities – subsidiaries	53 566	43 447
Total	**53 566**	**43 447**

Movements in investments in subsidiaries

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
As at the beginning of the period	**43 447**	**24 567**
Increase due to:	**40 475**	**23 585**
acquisition/formation of an entity	-	7 679
equity element of the incentive scheme	326	2 888
payments towards increasing share capital of a subsidiary	40 149	13 018
Decrease due to:	**30 356**	**4 705**
disposal of a subsidiary/shares in a subsidiary	76	19
impairment write-downs recorded	30 171	1 668
equity element of the incentive scheme	109	3 018
As at the end of the period	**53 566**	**43 447**

(all amounts in PLN thousand, unless stated otherwise)

Investments in subsidiaries as at 31.12.2022

	GOG sp. z o.o.	CD PROJEKT Inc.	Spokko sp. z o.o.	CD PROJEKT RED STORE sp. z o.o.	CD PROJEKT RED Vancouver Studio Ltd.
Registered office	Warsaw	Los Angeles, Venice	Warsaw	Warsaw	Vancouver
Percent of shares held as at 31.12.2022	100%	100%	87.6%	100%	100%
Percent of votes held as at 31.12.2022	100%	100%	87.6%	100%	100%
Equity investment	15 092	23 344	5 143	-	9 987

Investments in subsidiaries as at 31.12.2021

	GOG sp. z o.o.	CD PROJEKT Inc.	CD PROJEKT Co., Ltd. (liquidated)	Spokko sp. z o.o.	CD PROJEKT RED STORE sp. z o.o.	CD PROJEKT RED Vancouver Studio Ltd.
Registered office	Warsaw	Los Angeles, Venice	Shanghai	Warsaw	Warsaw	Vancouver
Percent of shares held as at 31.12.2021	100%	100%	100%	74%	100%	100%
Percent of votes held as at 31.12.2021	100%	100%	100%	74%	100%	100%
Equity investment	14 978	13 810	-	6 481	500	7 678

(all amounts in PLN thousand, unless stated otherwise)

Note 16. Other financial assets

	31.12.2022	31.12.2021
Loans granted	739	9 292
Bonds	475 848	477 416
Derivative financial instruments	7 809	-
Private equity interests in the gaming sector	2 556	-
Other financial assets, including:	**486 952**	**486 708**
short-term	279 515	308 168
long-term	207 437	178 540

In 2022, CD PROJEKT S.A. granted loans to related parties: CD PROJEKT RED STORE sp. z o.o., Spokko sp. z o.o. and The Molasses Flood LLC.

Under the loan agreement of 10 February 2022, CD PROJEKT RED STORE sp. z o.o. was granted a loan in the amount of PLN 1 000 thousand. The first of the three contractual tranches, in the amount of PLN 600 thousand, was disbursed on 14 February 2022. Subsequent tranches of the loan have not been disbursed. The loan was repaid out on 9 May 2022.

In 2022, four tranches were disbursed under the loan agreement of 5 May 2021 granted to Spokko sp. z o.o. in the amount of PLN 5 870 thousand: on 25 February in the amount of PLN 500 thousand, on 30 March and 28 April in the amount of PLN 1 000 thousand each, and on 5 May in the amount of PLN 500 thousand. The amount of the tranches disbursed in 2021 was PLN 2 800 thousand, while the total amount of funds disbursed under this agreement was PLN 5 800 thousand. The loan was repaid in full on 27 May 2022. At the same time, on 27 May 2022, the other two loans granted to Spokko sp. z o.o. under the loan agreements of 25 May 2020 in the amount of PLN 3 000 thousand and 12 November 2020 in the amount of PLN 3 040 thousand were repaid in full.

Under the loan agreement dated 16 September 2022, a loan of USD 1 150 thousand was granted to The Molasses Flood. The agreement provides for the loan to be disbursed in tranches. In 2022, one tranche of USD 166 thousand was paid out. The payment took place on 2 November 2022. The interest rate on the loan is variable and is subject to quarterly updates. According to the agreement the loan should be repaid by 31 March 2025.

In March 2022, the Company changed the rules on diversification of investment of current cash surpluses, increasing 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. In addition, under the amended assumptions, the Company may acquire foreign government bonds issued by countries with a rating not lower than Aa3 according to Moody's rating agency and foreign bonds backed by a guarantee of countries with a rating not lower than Aa3 according to Moody's rating agency. As a result of these changes, the portfolio of bonds held has expanded to include securities of issuers from Canada and Finland. For more information on the bond portfolio held, see Financial risk management objectives and policies – Liquidity and credit risk.

Note 17. Joint operations

Not applicable.

Note 18. Inventories

	31.12.2022	31.12.2021
Goods for resale	9 882	13 535
Other materials	4	4
Gross inventories	**9 886**	**13 539**
Inventory write-downs	-	-
Net inventories	**9 886**	**13 539**

Other materials include marketing materials.

(all amounts in PLN thousand, unless stated otherwise)

Inventories in the period from 01.01.2022 to 31.12.2022

	Goods for resale	Total
Inventories recognized as an expense during the period	7 424	7 424
Total	**7 424**	**7 424**

Inventories in the period from 01.01.2021 to 31.12.2021

	Goods for resale	Total
Inventories recognized as an expense during the period	8 056	8 056
Total	**8 056**	**8 056**

Changes in inventory write-downs

Not applicable.

Inventories set up as collateral

Not applicable.

Note 19. Trade receivables

	31.12.2022	31.12.2021
Trade receivables, gross	**164 794**	**123 900**
Write-downs	**86**	**79**
Trade receivables	**164 708**	**123 821**
from related entities	4 540	3 507
from other entities	160 168	120 314

Changes in write-downs of trade receivables

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
RELATED ENTITIES		
Write-downs as at the beginning of the period	**-**	**-**
Increase	**-**	**-**
Decrease	**-**	**-**
Write-downs as at the end of the period	**-**	**-**
OTHER ENTITIES		
Write-downs as at the beginning of the period	**79**	**126**
Increases, including:	**18**	**12**
write-downs recognized for past-due and disputed receivables	18	12
Decreases, including:	**11**	**59**
utilization of impairment write-downs	-	53
release of write-downs	11	6
Write-downs as at the end of the period	**86**	**79**
Total write-downs as at the end of the period (related and other entities)	**86**	**79**

(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	4 540	3 574	442	35	489	-	-
default ratio		0%	0%	0%	0%	0%	0%
write-down resulting from the ratio	-	-	-	-	-	-	-
write-down determined individually	-	-	-	-	-	-	-
total expected credit losses	-	-	-	-	-	-	-
Net receivables	**4 540**	**3 574**	**442**	**35**	**489**	**-**	**-**

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	160 254	159 850	318	-	-	-	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	**160 168**	**159 850**	**318**	**-**	**-**	**-**	**-**

Total							
gross receivables	164 794	163 424	760	35	489	-	86
impairment write-downs	86	-	-	-	-	-	86
Net receivables	**164 708**	**163 424**	**760**	**35**	**489**	**-**	**-**

(all amounts in PLN thousand, unless stated otherwise)

Current and overdue trade receivables as at 31.12.2021

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
RELATED ENTITIES							
gross receivables	3 507	2 496	1 010	1	-	-	-
default ratio		0%	0%	0%	0%	0%	0%
write-down resulting from the ratio	-	-	-	-	-	-	-
write-down determined individually	-	-	-	-	-	-	-
total expected credit losses	-	-	-	-	-	-	-
Net receivables	**3 507**	**2 496**	**1 010**	**1**	**-**	**-**	**-**

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	120 393	120 103	162	-	8	-	120
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	**120 314**	**120 103**	**162**	**-**	**8**	**-**	**41**
Total							
gross receivables	123 900	122 599	1 172	1	8	-	120
impairment write-downs	79	-	-	-	-	-	79
Net receivables	**123 821**	**122 599**	**1 172**	**1**	**8**	**-**	**41**

Trade receivables – by currency

	31.12.2022		31.12.2021	
	Value in foreign currency	Value in PLN	Value in foreign currency	Value in PLN
PLN*	134 184	134 184	117 545	117 545
USD	6 777	29 831	102	413
CAD	212	689	316	1 008
EUR	1	4	1 056	4 855
JPY	7	-	-	-
Total		**164 708**		**123 821**

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

(all amounts in PLN thousand, unless stated otherwise)

Note 20. Other receivables

	31.12.2022	31.12.2021*
Other gross receivables, including:	**55 792**	**114 268**
tax receivables, other than corporate income tax	41 766	75 562
prepayments for inventories	6 826	5 076
settlements with suppliers of property, plant and equipment items	4 160	-
prepayments for development projects	1 433	30 435
security deposits	687	650
prepayments for property, plant and equipment and intangible assets	135	34
settlements with payment operators	7	-
settlements with members of the Management Boards	2	7
consortium settlements	-	1 659
prepayments on investment properties	-	79
settlements with employees	-	3
other	776	763
Write-downs	**732**	**732**
Other receivables, including:	**55 060**	**113 536**
short-term	54 677	113 163
long-term	383	373

** restated data*

Other tax receivables, other than corporate income tax also include withholding tax in the amount of PLN 33 217 thousand to be deducted by the Company in its annual CIT return after obtaining certificates from foreign counterparties confirming their payment of tax abroad.

	31.12.2022	31.12.2021
Other gross receivables	**55 792**	**114 268**
Write-downs	**732**	**732**
Other receivables	**55 060**	**113 536**
from related entities	995	1 672
from other entities	54 065	111 864

Other receivables claimed in court

	31.12.2022	31.12.2021
Other receivables in court	732	732
Write-downs of disputed receivables	732	732
Net other receivables claimed in court	**-**	**-**

(all amounts in PLN thousand, unless stated otherwise)

Other receivables – by currency

	31.12.2022		31.12.2021	
	Value in foreign currency	Value in PLN	Value in foreign currency	Value in PLN
PLN*	47 988	47 988	77 909	77 909
USD	1 343	5 038	4 545	17 214
CAD	303	1 003	-	-
EUR	122	569	182	837
GBP	82	425	33	161
JPY	1 109	37	496 092	17 214
CNY	-	-	336	201
Total		**55 060**		**113 536**

** 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.*

Trade and other receivables from related entities

	31.12.2022	31.12.2021
Receivables from related entities, gross	**5 535**	**5 179**
trade	4 540	3 507
other	995	1 672
Write-downs	**-**	**-**
Receivables from related entities, net	**5 535**	**5 179**

Note 21. Prepayments and deferred costs

	31.12.2022	31.12.2021*
Software, licences	6 155	3 545
Costs of future marketing services	1 589	1 722
Costs of repairs and maintenance	1 142	1 470
Fees for pre-emptive rights	1 271	1 378
Property and personal insurance	505	344
Costs in connection with redevelopment of the car park	260	-
Business travel (tickets, hotels, insurance)	32	34
Domains, servers	218	9
Marketing campaigns	-	7
Other prepayments and deferred costs	331	247
Prepayments and deferred costs, including:	**11 503**	**8 756**
short-term	6 189	4 015
long-term	5 314	4 741

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

Note 22. Cash and cash equivalents

	31.12.2022	31.12.2021
Cash in hand and at bank:	**152**	**68 187**
current bank accounts	152	68 187
Cash equivalents:	**236 921**	**277 608**
short-term deposits maturing up to 3 months	236 590	239 586
cash on investment accounts	331	38 022
Total	**237 073**	**345 795**

Restricted cash and cash equivalents

Not applicable.

Note 23. Share capital

The structure of share capital as at 31.12.2022

Series	Number of shares in pcs.	Series/issue at par value	Method of covering share capital
A	500 000	500 000	Monetary contribution
B	2 000 000	2 000 000	Monetary contribution
C	6 884 108	6 884 108	Monetary contribution
C1	18 768 216	18 768 216	Monetary contribution
D	35 000 000	35 000 000	In-kind contribution
E	6 847 676	6 847 676	Monetary contribution
F	3 500 000	3 500 000	Monetary contribution
G	887 200	887 200	Monetary contribution
H	3 450 000	3 450 000	Monetary contribution
I	7 112 800	7 112 800	Monetary contribution
J	5 000 000	5 000 000	Monetary contribution
K	5 000 000	5 000 000	Monetary contribution
L	1 170 000	1 170 000	Monetary contribution
M	4 650 800	4 650 800	Monetary contribution
Total	**100 770 800**	**100 770 800**	-

On 9 December 2022, as a result of registering in the securities depository maintained by the Polish Central Securities Depository (KDPW) of 32 000 M-series ordinary bearer shares of the Company with a nominal value of PLN 1.00 each, issued in connection with the implementation of the incentive scheme operating in the years 2016-2019, the shares were recorded in the securities account of an authorized participant in the aforementioned scheme, who took them up upon exercising the rights from subscription warrants, and thus, share capital of the Company was increased from PLN 100 738 800 to PLN 100 770 800. The aforementioned shares were listed on the GPW Main Market after the balance sheet date - as of 28 February 2023.

The total number of votes arising from all the shares of the Company as at 31 December 2022 was 100 770 800 (subject to 860 290 shares in the Company remaining in its possession as a result of the share buyback carried out on 5-24 October 2022).

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

(all amounts in PLN thousand, unless stated otherwise)

Changes in share capital

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Share capital as at the beginning of the period	**100 739**	**100 655**
Increase due to:	**32**	**84**
issue of shares paid up in cash – incentive scheme	32	84
Decrease	**-**	**-**
As at the end of the period	**100 771**	**100 739**

Note 24. Treasury shares

On 4 October 2022, the Company's Management Board informed that based on the resolution no. 4 of the Extraordinary General Meeting of the Company dated 29 November 2016, the Management Board decided on the conditions of and procedure for conducting a buyback of the Company's treasury shares with a view to their voluntary redemption.

As a result of the buyback conducted based on that decision, between 5 October 2022 and 24 October 2022, the Company purchased 860 290 of its treasury shares with a nominal value of PLN 1 each, representing 0.85% of its share capital, for the total price of PLN 99 943 thousand for this purpose. The treasury shares were purchased on the official stock exchange market operated by the Warsaw Stock Exchange. The Management Board of the Company provided detailed information on the commencement and course of the buyback in current reports no. 40/2022, 40/2022K, 42/2022, 44/2022 i 45/2022. As at the date of publication of this report, the aforementioned treasury shares have not yet been cancelled and remain held by the Company.

Note 25. Other reserves

	31.12.2022	31.12.2021
Supplementary capital	1 539 437	1 366 952
Share premium	116 700	115 909
Revaluation reserve	(7 941)	4 783
Treasury shares	(99 993)	-
Other reserve capital	-	35 741
Other reserves – incentive scheme	11 718	8 991
Total	**1 559 921**	**1 532 376**

(all amounts in PLN thousand, unless stated otherwise)

Change in other reserves

	Supplementary capital	Share premium	Treasury shares	Revaluation reserve	Reserve capital	Other reserves – incentive scheme	Total
As at 01.01.2022	**1 366 952**	**115 909**	**-**	**4 783**	**35 741**	**8 991**	**1 532 376**
Increase due to:	**172 485**	**791**	**-**	**-**	**-**	**4 939**	**178 215**
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 scheme	-	-	-	-	-	4 939	4 939
Decrease due to:	**-**	**-**	**99 993**	**12 724**	**35 741**	**2 212**	**150 670**
purchase of treasury shares for redemption	-	-	99 993	-	-	-	99 993
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 scheme	-	-	-	-	-	664	664
total comprehensive income	-	-	-	12 724	-	-	12 724
As at 31.12.2022	**1 539 437**	**116 700**	**(99 993)**	**(7 941)**	**-**	**11 718**	**1 559 921**

(all amounts in PLN thousand, unless stated otherwise)

	Supplementary capital	Share premium	Treasury shares	Revaluation reserve	Reserve capital	Other reserves – incentive scheme	Total
As at 01.01.2021	**737 542**	**113 844**	**-**	**442**	**35 741**	**10 885**	**898 454**
Increase due to:	**629 410**	**2 065**	**-**	**4 341**	**-**	**41 249**	**677 065**
share-based payments	869	2 065	-	-	-	-	2 934
appropriation of the net profit/offset of loss	628 541	-	-	-	-	-	628 541
the equity element of the incentive scheme	-	-	-	-	-	41 249	41 249
total comprehensive income	-	-	-	4 341	-	-	4 341
Decrease due to:	**-**	**-**	**-**	**-**	**-**	**43 143**	**43 143**
share-based payments	-	-	-	-	-	869	869
the equity element of the incentive scheme	-	-	-	-	-	42 274	42 274
As at 31.12.2021	**1 366 952**	**115 909**	**-**	**4 783**	**35 741**	**8 991**	**1 532 376**

(all amounts in PLN thousand, unless stated otherwise)

Note 26. Retained earnings / (Accumulated losses)

	31.12.2022	31.12.2021
Retained earnings / (accumulated losses)	-	(4 179)
Total	**-**	**(4 179)**

Change in retained earnings / (accumulated losses)

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
As at the beginning of the period	**(4 179)**	**-**
Corrections of errors	-	(4 179)
Retained earnings / (accumulated losses), as adjusted	**(4 179)**	**(4 179)**
Increase due to:	**240 113**	**1 132 235**
appropriation of profit / (loss) from previous years	240 113	1 132 235
Decrease due to:	**235 934**	**1 132 235**
payment of dividend	100 739	503 694
transfer to supplementary capital	135 195	628 541
As at the end of the period	**-**	**(4 179)**

Note 27. Loans and borrowings

Not applicable.

Note 28. Other financial liabilities

	31.12.2022	31.12.2021*
Lease liabilities	20 671	15 471
Cash flow hedges	-	17 906
Total financial liabilities	**20 671**	**33 377**
Short-term, including:	**1 788**	**18 620**
up to one month	**98**	**17 964**
from one to three months	**445**	**179**
from three months to one year	**1 245**	**477**
Long-term, including:	**18 883**	**14 757**
from 1 to 5 years	5 171	938
more than 5 years	13 712	13 819

** restated data*

As a lessee, the Company 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 34, the subject matter of which are plots of land located at ul. Jagiellońska 74 and 76, constituting in essence 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 34, the subject matter of which is an 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 34, the subject matter of which is an 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.

(all amounts in PLN thousand, unless stated otherwise)

Note 29. Other non-current liabilities

	31.12.2022	31.12.2021
Other non-current liabilities, including:	**2 620**	**2 860**
liabilities in respect of marketing costs	1 456	1 589
liabilities in respect of pre-emptive rights	1 164	1 271

Other non-current liabilities – maturity structure

	31.12.2022	31.12.2021
Other non-current liabilities, including:	**2 620**	**2 860**
payable after one to three years	720	720
payable after three to five years	480	480
payable after five years	1 420	1 660

Other non-current liabilities (by currency)

	31.12.2022		31.12.2021	
	Value in foreign currency	Value in PLN	Value in foreign currency	Value in PLN
PLN	2 620	2 620	2 860	2 860
Total		**2 620**		**2 860**

Note 30. Trade payables

	31.12.2022	31.12.2021
Trade payables, including:	**39 587**	**16 028**
to related entities	5 954	2 407
to other entities	33 633	13 621

Trade payables – ageing analysis

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
As at 31.12.2022	**39 587**	**34 831**	**2 286**	**8**	**9**	**186**	**2 267**
to related entities	5 954	4 480	1 474	-	-	-	-
to other entities	33 633	30 351	812	8	9	186	2 267

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
As at 31.12.2021	**16 028**	**12 257**	**1 578**	**10**	**43**	**2 083**	**57**
to related entities	2 407	2 252	155	-	-	-	-
to other entities	13 621	10 005	1 423	10	43	2 083	57

(all amounts in PLN thousand, unless stated otherwise)

Trade payables – by currency

	31.12.2022		31.12.2021	
	Value in foreign currency	Value in PLN	Value in foreign currency	Value in PLN
PLN	19 881	19 881	7 024	7 024
USD	3 470	15 276	1 638	6 652
EUR	691	3 240	322	1 483
CNY	1 088	691	1 015	648
JPY	9 921	330	707	25
GBP	22	117	5	29
RUB	846	52	52	3
KZT	7	-	-	-
CAD	-	-	51	164
Total		**39 587**		**16 028**

Note 31. Other current liabilities

	31.12.2022	31.12.2021
Taxes (other than corporate income tax), customs duty, social security and other payables	**3 843**	**3 584**
Withholding tax	32	905
Personal income tax	1 841	1 704
Social security contributions	1 757	876
State Disabled Persons Fund (PFRON)	64	45
PIT-8AR (personal income tax) settlements	132	54
Other	17	-
Other liabilities	**507**	**475**
Other settlements with employees	235	125
Other settlements with members of the Management Boards	32	37
Other liabilities	240	313
Total other current liabilities	**4 350**	**4 059**

(all amounts in PLN thousand, unless stated otherwise)

Other current liabilities – ageing analysis

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
As at 31.12.2022	**4 350**	**4 096**	**253**	**1**	**-**	**-**	**-**
to related entities	32	-	32	-	-	-	-
to other entities	4 318	4 096	221	1	-	-	-

	Total	Not overdue	Overdue, in days				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
As at 31.12.2021	**4 059**	**3 935**	**123**	**-**	**1**	**-**	**-**
to related entities	162	38	123	-	1	-	-
to other entities	3 897	3 897	-	-	-	-	-

Other current liabilities – by currency

	31.12.2022		31.12.2021	
	Value in foreign currency	Value in PLN	Value in foreign currency	Value in PLN
PLN	4 200	4 200	3 978	3 978
USD	23	102	17	70
EUR	6	29	2	11
GBP	2	12	-	-
JPY	156	5	-	-
AUD	1	2	-	-
Total		**4 350**		**4 059**

Note 32. Social assets and the Company’s Social Fund liabilities

Not applicable.

Note 33. 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	31.12.2022	31.12.2021
mBank S.A.				
Voluntary submission to execution	Agreement for payment cards	PLN	-	920
Bill of exchange agreement	Framework agreement on financial market transactions	PLN	50 000	50 000
Bill of exchange agreement	Bank guarantee securing a rental contract	PLN	-	667
Bill of exchange agreement	Bank guarantee securing a rental contract	PLN	427	-
Ingenico Group S.A. (previously: Global Collect Services BV)				
Contractual surety	Surety against liabilities of GOG sp. z o.o.	EUR	-	155
Mazowiecka Jednostka Wdrażania Programów Unijnych				
Contractual commitment	Commitment to incur operating and renovation expenditures on leased space	PLN	20	58
Narodowe Centrum Badań i Rozwoju				
Bill of exchange agreement	Subsidy agreement POIR.01.02.00-00-0105/16	PLN	7 711	7 711
Bill of exchange agreement	Subsidy agreement POIR.01.02.00-00-0110/16	PLN	3 846	3 846
Bill of exchange agreement	Subsidy agreement POIR.01.02.00-00-0112/16	PLN	3 692	3 692
Bill of exchange agreement	Subsidy agreement POIR.01.02.00-00-0118/16	PLN	1 358	5 324
Pekao Leasing Sp. z o.o.				
Bill of exchange agreement	Lease contract 37/1991/21	PLN	314	442
Santander Bank Polska S.A. (previously: BZ WBK S.A.)				
Bill of exchange agreement	Framework agreement on financial market transactions	PLN	23 500	23 500
Bank Polska Kasa Opieki Spółka Akcyjna				
Bill of exchange agreement	Framework agreement on financial market transactions	PLN	50 000	35 000
BNP Paribas Bank Polska S.A.				
Bill of exchange agreement	Framework agreement on financial market transactions	PLN	26 600	26 600

(all amounts in PLN thousand, unless stated otherwise)

Note 34. Lease and sublease contracts

Information on the depreciation of leased assets is presented in Note 3. Interest expense on lease contracts is presented in Note 5. 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 11. Note 49 provides information on the total cash outflows from leases.

Lease liabilities

Present value of payments	31.12.2022	31.12.2021*
Within one month	98	58
From one to three months	445	179
From three months to one year	1 245	477
From one to five years	5 171	938
More than five years	13 712	13 819
Present value of lease payments, including:	**20 671**	**15 471**
short-term	1 788	714
long-term	18 883	14 757

** restated data*

Gross lease commitments (before deduction of finance costs)

	31.12.2022	31.12.2021*
Within one month	187	218
From one to three months	714	400
From three months to one year	1 659	440
From one to five years	6 977	2 071
More than five years	24 006	24 387
Total	**33 543**	**27 516**
short-term	2 560	1 058
long-term	30 983	26 458

** restated data*

Income received through subleasing of right-of-use assets

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Revenue	39	40
Costs	39	40
Income	-	-

(all amounts in PLN thousand, unless stated otherwise)

Lease and sublease contracts as at 31.12.2022

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	267	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	BMW Financial Services Polska Sp. z o.o.	LO/40953/0421	377	377	PLN	2023-04-08	161	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	Carefleet S.A.	UG20002163	118	118	PLN	2023-08-06	105	The lessee has the right to purchase the subject matter of the lease – according to the contract, the net residual value is PLN 85 thousand.
Passenger car	Sobiesław Zasada Automotive Sp. z o.o. Spółka jawna	L4 10439	622	622	PLN	2024-11-15	374	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.
Jagiellońska 74 – plots 12 and 13	State Treasury	Notarial Deed of 31.10.2019	8 623	8 623	PLN	2089-12-05	8 440	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	1 468	1 468	PLN	2100-04-12	1 444	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	4 345	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	2 798	The lessee does not have the right to buy back the subject matter of the lease
Wrocław Office	Cavatina SPV 12 Sp. z o.o.	Rental contract dated 04.11.2022	2 702	576	EUR	2027-10-31	2 737	The lessee does not have the right to buy back the subject matter of the lease
Parking at ul. Jagiellońska 78	Sokołowo Sp. z o.o.	D20001730 with subsequent annexes	174	174	PLN	2023-04-30	27	The lessee does not have the right to buy back the subject matter of the lease

(all amounts in PLN thousand, unless stated otherwise)

Sub-lease contracts

Parking at ul. Jagiellońska 78	CD PROJEKT S.A.	Contract No. WPA 469/17 dated 31.07.2017, with subsequent annexes	79	79	PLN	2023-04-30	27	The lessee does not have the right to buy back the subject matter of the lease
Total			**22 783**				**20 671**	

(all amounts in PLN thousand, unless stated otherwise)

Leases of low-value assets and short-term leases

The Company 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 Company considered these contracts to be short-term leases and leases of low-value assets and decided not to apply the new requirements for leases to these assets, as permitted by paragraph 5 of the standard. 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 2022 is included in Note 3).

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

	31.12.2022	31.12.2021
Up to 1 year	459	118
From 1 to 5 years	334	149
More than 5 years	-	-
Total	**793**	**267**

Note 35. Deferred income

	31.12.2022	31.12.2021
Subsidies	**5 490**	**8 224**
Animation Excellence (GameINN)	1 385	1 846
City Creation (GameINN)	2 776	3 701
Seamless Multiplayer (GameINN)	-	905
Cinematic Feel (GameINN)	1 329	1 772
Deferred income	**13 208**	**21 221**
Sales relating to future periods	13 173	21 186
Rental of company phones	35	35
Total deferred income, including:	**18 698**	**29 445**
short-term	15 032	23 042
long-term	3 666	6 403

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.

(all amounts in PLN thousand, unless stated otherwise)

Note 36. Provision for retirement and similar benefits

	31.12.2022	31.12.2021
Provision for retirement and disability bonuses	348	373
Total, including:	**348**	**373**
short-term	9	5
long-term	339	368

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

	31.12.2022	31.12.2021
Discount rate (%)	6.87	3.41
Expected inflation rate (%)	6.87	3.41
Employee turnover rate (%) - Age average	12% – 34 years	11.6% – 34 years
Expected salary growth rate (%)	45% – year 2023; 6% – subsequent years	10% – years 2022 – 2023; 6% - subsequent years
CSO mortality tables from the year	2021	2020
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 Company. Historical data provided by the Company 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 similar benefits

	Provisions for retirement and disability bonuses	Total
As at 01.01.2022	**373**	**373**
Provision released	25	25
As at 31.12.2022, including:	**348**	**348**
short-term	9	9
long-term	339	339

	Provisions for retirement and disability bonuses	Total
As at 01.01.2021	**380**	**380**
Provision released	7	7
As at 31.12.2021, including:	**373**	**373**
short-term	5	5
long-term	368	368

(all amounts in PLN thousand, unless stated otherwise)

Note 37. Other provisions

	31.12.2022	31.12.2021
Provision for liabilities, including:	**93 819**	**81 528**
provision for costs of performance-related and other remuneration	67 121	44 714
provision for costs of the audit and review of the financial statements	137	102
provision for other costs	26 561	36 712
Total, including:	**93 819**	**81 528**
short-term	83 221	76 160
long-term	10 598	5 368

Change in other provisions

	Provision for returns	Provision for costs of performance-related and other remuneration	Other provisions	Total
As at 01.01.2022	**-**	**44 714**	**36 814**	**81 528**
Provisions recorded during the year	-	67 121	57 001	124 122
Provisions utilized/released	-	44 714	67 117	111 831
As at 31.12.2022, including:	**-**	**67 121**	**26 698**	**93 819**
short-term	-	67 121	16 100	83 221
long-term	-	-	10 598	10 598

	Provision for returns	Provision for costs of performance-related and other remuneration	Other provisions*	Total
As at 01.01.2021	**194 537**	**246 278**	**34 131**	**474 946**
Provisions recorded during the year	42 635	46 880	94 956	184 471
Provisions utilized/released	237 172	248 444	92 273	577 889
As at 31.12.2021, including:	**-**	**44 714**	**36 814**	**81 528**
short-term	-	44 714	31 446	76 160
long-term	-	-	5 368	5 368

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

Note 38. Information on financial instruments

Fair values of specific classes of financial instruments

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

	31.12.2022	31.12.2021*
LEVEL 1		
Assets measured at fair value		
Assets measured at fair value through other comprehensive income	**243 091**	**228 661**
bonds issued by foreign governments – EUR	25 111	24 517
bonds issued by foreign governments – USD	217 980	204 144
LEVEL 2		
Assets measured at fair value through profit or loss		
Derivatives	**7 809**	**-**
currency forwards – EUR	1 249	-
currency forwards – USD	6 560	-
Private equity interests in the gaming sector	**2 556**	**-**
private equity interests in the gaming sector – SEK	1 085	-
private equity interests in the gaming sector – USD	1 471	-
Liabilities measured at fair value through profit or loss		
Derivatives	**-**	**(17 906)**
currency forwards – EUR	-	(455)
currency forwards – USD	-	(17 451)

** restated data*

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

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

Level 2 – fair value based 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

	31.12.2022	31.12.2021
Financial assets measured at amortized cost	**972 990**	**993 036**
Other non-current receivables	383	373
Trade receivables	164 708	123 821
Cash and cash equivalents	237 073	345 795
Bank deposits over 3 months	337 330	265 000
Treasury bonds and bonds guaranteed by the State Treasury	232 757	248 755
Loans granted	739	9 292
Financial assets measured at cost	**53 566**	**43 447**
Investments in subordinated entities	53 566	43 447
Assets measured at fair value through other comprehensive income	**243 091**	**228 661**
Bonds issued by foreign governments	243 091	228 661
Financial assets measured at fair value through profit or loss:	**10 365**	**-**
Derivative financial instruments	7 809	-
Private equity interests in the gaming sector	2 556	-
Total financial assets	**1 280 012**	**1 265 144**

Financial liabilities – classification and measurement

	31.12.2022	31.12.2021*
Financial liabilities measured at amortized cost	**60 258**	**31 499**
Trade payables	39 587	16 028
Other financial liabilities in respect of lease	20 671	15 471
Financial liabilities at fair value through profit or loss	**-**	**17 906**
Derivative financial instruments	-	17 906
Total financial liabilities	**60 258**	**49 405**

** restated data*

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

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

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

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

Listed debt securities were classified as Level 1. These are State Treasury Bonds and bonds secured with a guarantee by the State Treasury, the fair value of which was determined on the basis of the market valuation provided by the brokerage firm under the applicable brokerage services agreement.

(all amounts in PLN thousand, unless stated otherwise)

	31.12.2022	31.12.2021
LEVEL 1		
Fair value of bonds measured at amortized cost	**219 713**	**240 753**
Treasury bonds and bonds guaranteed by the State Treasury	219 713	240 753

Other financial assets and liabilities have been classified as Level 3.

With reference to equity shares in other entities, the Company 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. Where appropriate, the Company adopts historical cost as an acceptable approximation of fair value.

The Company 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 Company to be a reasonable approximation of fair value.

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

(all amounts in PLN thousand, unless stated otherwise)

Gains and losses on financial assets and liabilities

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 and bonds secured with a guarantee by the State Treasury	Loans granted	Cash and cash equivalents and bank deposits over 3 months	Investments in subordinated entities	Derivative financial instruments	Foreign bonds	Other financial liabilities	
Interest income/(expense)	-	7 778	234	25 481	-	-	8 184	(546)	41 131
Write-downs recorded	(18)	-	-	-	-	-	-	-	(18)
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	-	-	-	-	-	(2 172)	-	-	(2 172)
Measurement of shares in related entities	-	-	-	-	(30 171)	-	-	-	(30 171)
Measurement of foreign bonds	-	-	-	-	-	-	(12 724)	-	(12 724)
Total gains/(losses)	**(7)**	**7 778**	**234**	**25 481**	**(30 171)**	**(2 172)**	**17 886**	**(546)**	**18 483**

(all amounts in PLN thousand, unless stated otherwise)

01.01.2021 – 31.12.2021*	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 and bonds secured with a guarantee by the State Treasury	Loans granted	Cash and cash equivalents and bank deposits over 3 months	Investments in subordinated entities	Derivative financial instruments	Foreign bonds	Other financial liabilities	
Interest income/(expense)	-	1 084	205	68	-	-	(550)	(464)	343
Write-downs recorded	(12)	-	-	-	-	-	-	-	(12)
Write-downs released	6	-	-	-	-	-	-	-	6
Gains /(losses) on disposal of debt instruments	-	-	-	-	-	-	(1 436)	-	(1 436)
Commission and fees on purchase of debt instruments	-	-	-	-	-	-	(364)	-	(364)
Measurement of forward contract	-	-	-	-	-	2 271	-	-	2 271
Measurement of shares in related entities	-	-	-	-	(1 668)	-	-	-	(1 668)
Measurement of foreign bonds	-	-	-	-	-	-	4 342	-	4 342
Total gains/(losses)	**(6)**	**1 084**	**205**	**68**	**(1 668)**	**2 271**	**1 992**	**(464)**	**3 482**

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

Financial risk management objectives and policies

Credit risk

Risk description: The Company 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, advance payments and also in connection with cooperation with banks or Treasury bond issuers. There are instances where the concentration of sales to the largest customers exceeds 10% of the Company's total sales revenue.

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

- 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 the rating not lower than Aa3 according to Moody's rating agency;
- foreign bonds secured with a guarantee of countries with the rating not lower than Aa3 according to Moody's rating agency.

These bonds are highly liquid securities, which allows the Company to sell them at any time before maturity.

Liquidity risk

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

Actions taken – managing liquidity risk: Capital and liquidity risk management at the Company is aimed at ensuring the financing of its activities, including the long-term investment projects implemented by the 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, for example, one year after the release of the Company's next major production;
- maintaining its own financial reserves – the Company has no external interest-bearing debt from loans, borrowings or bonds;
- the management of financial reserves (held in the form of cash, bank deposits, domestic and foreign Treasury bonds) in the 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 geography).

As at 31 December 2022, CD PROJEKT S.A. held bank deposits with a carrying amount of PLN 573 920 thousand.

Maturity of the deposit	Carrying amount
Quarter 1 of 2023	337 490
Quarter 2 of 2023	229 070
Quarter 3 of 2023	7 360
Total carrying amount	**573 920**

(all amounts in PLN thousand, unless stated otherwise)

As at 31 December 2022. CD PROJEKT S.A. held Treasury bonds with a carrying value of PLN 475 848 thousand.

Bonds by country of issuer at 31.12.2022	S&P	Fitch	Moody's	Carrying amount
Poland	A-	A-	A2	232 757
USA	AA+	AAA	Aaa	186 439
Germany	AAA	AAA	Aaa	35 316
Canada	AAA	AA+	Aaa	10 695
Finland	AA+	AA+	Aa1	10 641
Total carrying amount				**475 848**

Bond portfolio as at 31.12.2022 by instrument maturity

Redemption date of purchased bonds as at 31.12.2022	Carrying amount
2023	87 433
2024	106 844
2025	94 053
2026	159 857
2027	27 661
Total carrying amount	**475 848**

Currency risk

Risk description: Due to the global nature of the Company'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 the strengthening of the Polish zloty.

The majority of publishing and distribution contracts to which CD PROJEKT S.A. 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 Company, resulting in a reduction of sales revenue.

The Company also purchases 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 differences unfavourable to the Company's results.

Actions taken: The Company seeks to minimize currency exposure in its operations, but nevertheless it is not possible to completely eliminate the currency risk that is incumbent on it. In the case of the risk associated with CD PROJEKT S.A.'s investment in foreign Treasury bonds denominated in the issuer's currency, 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. The value of forward contracts concluded as at 31.12.2022 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 31.12.2022 in PLN
EUR	5 550	27 895	1 249
USD	49 740	228 686	6 560
Total		**256 581**	**7 809**

At the same time, in accordance with the policy adopted in March 2022 to diversify the investment of current cash surpluses, CD PROJEKT S.A. may hold up to 15% of total funds in unhedged positions in USD and EUR. As at 31 December 2022, the Company had an unhedged position in foreign currencies amounting to USD 20 463 thousand. and EUR 40 thousand respectively.

(all amounts in PLN thousand, unless stated otherwise)

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 Company'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 Company. As surplus cash is invested in, among other things, bank deposits and Treasury bonds, a drop in interest rates may have a negative impact on the Company's financial income. Moreover, financial income generated from bank deposits or investments in Treasury bonds in relation to the Company's cash reserves may not compensate for losses caused by inflation.

A change in the level of interest rates affects the carrying value of foreign Treasury bonds 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 Company'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 Company endeavours to monitor the impact of the global situation on the markets in which it operates and, as far as possible, to adapt its operations as much as possible to the changes observed. The 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 of issuers with credit ratings not lower than Aa3 according to Moody's, while diversifying the maturities of the aforementioned instruments. In addition, some of the Treasury bonds are floating rate securities.

In the current macroeconomic situation, while maintaining the safety of accumulated funds, it is in practice not 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 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 Company'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 Company over the horizon to the date of the next financial statements, assuming other risk factors remain constant.

Currency risk concerning the net value of foreign currency assets and liabilities as at the end of 2022

	Impact on net profit/loss				Impact on equity		
	EUR	USD	Other currencies	Total	EUR	USD	Total
Exchange rate fluctuations	5%	5%	5%		5%	5%	
As at 31.12.2022							
Exchange rate growth	(722)	(1 516)	(75)	(2 313)	1 256	10 899	12 155
Exchange rate decline	722	1 516	75	2 313	(1 256)	(10 899)	(12 155)
As at 31.12.2021							
Exchange rate growth	(354)	(5 562)	842	(5 074)	1 226	10 207	11 433
Exchange rate decline	354	5 562	(842)	5 074	(1 226)	(10 207)	(11 433)

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 Company'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

	31.12.2022		31.12.2021	
	Interest rate fluctuations	Impact on net profit/loss	Interest rate fluctuations	Impact on net profit/loss
Interest rate growth	1 p.p.	6 751	1 p.p.	7 197
Interest rate decline	1 p.p.	(6 751)	1 p.p.	(7 197)

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

	31.12.2022			31.12.2021		
	Fluctuation amount	Impact on equity	Impact on net profit/loss	Fluctuation amount	Impact on equity	Impact on net profit/loss
Fair value growth	1 p.p.	2 431	104	1 p.p.	2 287	(175)
Fair value decline	1 p.p.	(2 431)	(104)	1 p.p.	(2 287)	175

(all amounts in PLN thousand, unless stated otherwise)

Note 39. Capital management

The principal objective of capital management within the Company is to maintain sound credit rating and safe capital ratios to support the Company's operating activity and to increase shareholder value.

The Company 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 Company may pay a dividend to the shareholders, buy back its treasury shares from the market or issue new shares. The Company 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 2022, the Company's balance of cash and cash equivalents was greater than its trade and other payables, thus the Company had a positive net cash balance.

Note 40. Employee benefit schemes

Incentive scheme for the years 2016–2019

On 24 May 2016, the General Shareholders' Meeting of the Company passed a resolution introducing an incentive scheme for the years 2016-2021 for key personnel of the Group. A total of 5 167 500 entitlements were exercisable for eligible persons as a result of the positive result of the verification performed in 2020, of the achievement of the scheme's objectives for the period 2016-2019.

As part of the settlement of the scheme, in 2020 the Company sold to the eligible persons 516 700 treasury shares purchased from the market for this purpose. The remaining part of entitlements was realized in the form of issuing 4 650 800 subscription warrants. By 31 December 2021, the total of 4 618 800 warrants issued had been exercised. In December 2022, as a result of the exercise of the last 32 000 subscription warrants issued under the programme by an eligible person, 32 000 M-series ordinary bearer shares of the Company with a nominal value of PLN 1.00 each were registered in the securities depository maintained by the Polish Central Securities Depository; the shares were registered in the securities account of the aforementioned eligible scheme participant, and thus also the share capital of the Company was increased from PLN 100 738 800 to PLN 100 770 800. These shares were introduced to stock exchange trading on the GPW Main Market after the balance sheet date - as of 28 February 2023. Thus, as at the date of publication of this report, all shares which the eligible persons were entitled to take up based on the subscription warrants granted under the incentive scheme in operation in 2016-2019 had been introduced to trading on the main market.

As the 2016–2019 incentive scheme is considered to be completed, the details of the minimum vesting rights awarded under the scheme in previous financial years and their valuation are available in the previous interim financial statements of the Company and the Group.

Incentive scheme for the years 2020–2025

Based on the resolutions of the Company's General Shareholders Meeting of 28 July 2020 and 22 September 2020, another, third issue of the incentive scheme was introduced for 2020-2025. In accordance with the adopted assumptions, a maximum of 4 000 000 entitlements, understood as a conditional right to take up subscription warrants, entitling to take up shares in the Company issued separately as part of a conditional share capital increase, or alternatively to purchase, on preferential terms, the Company's treasury shares may be granted as part of the implementation of the scheme. Taking up and exercising of rights from the subscription warrants or, as the case may be, purchasing the Company's shares by the eligible persons will be conditional upon the Company's determination that the objectives and criteria of the scheme have been met. The scheme includes performance-related objectives (80% of entitlements), market related objectives (20% of entitlements), individual objectives in selected cases and, in each case, the loyalty criterion which applies until the date of determining that the scheme objectives and criteria have been met.

As at the date of publication of these financial statements, 2 113 000 of the entitlements granted remained in the incentive scheme for 2020-2050.

Assumptions adopted to value the incentive scheme

Date of granting the entitlements	CDR volatility index	WIG volatility index	Correlation with WIG index	Risk-free rate;
Entitlements granted on 30.10.2020	38%	17%	44%	0.7%
Entitlements granted on 10.11.2020	38%	17%	44%	0.7%
Entitlements granted on 12.08.2021	42%	17%	42%	1.3%

Valuation Date

During 2020, the Company granted entitlements to participate in the scheme in two tranches. In 2021, additional entitlements were granted once, as set out in the resolution of the Management Board of 10 August 2021. No new entitlements were granted in 2022.

The fair value of the entitlements was in each case valued 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 registered in the register of actuaries maintained by the Polish Financial Supervision Authority in accordance with the information in the table above.

(all amounts in PLN thousand, unless stated otherwise)

Classification of measurement conditions

The condition relating to the change in the price of the 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. 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 at the grant date

As at the grant dates in 2020, the Company had 96 120 000 shares in issue.

As at the date of granting additional rights in 2021, the Company had 100 738 800 shares in issue.

No new entitlements were granted in 2022.

Execution of the programme

Based on the results achieved in 2020 and 2021 and the assumptions for the subsequent years of the scheme, the Management Board assessed the possibility of achieving the performance targets set in the scheme over the entire period of the scheme's duration and revised the estimates, considering it most likely that the performance targets would not be achieved over that period. The above assessment remains valid as at the date of publication of these financial statements.

On 20 December 2022, the Extraordinary General Meeting of the Company passed the resolution no. 5 concerning the discontinuation of the incentive scheme for the financial years 2020–2025, but as its entry into force was subject to the General Meeting of the Company adopting certain resolutions on introducing a new incentive scheme, which had not taken place by the date of publication of this report, the resolution no. 5 had not yet entered into force. Although the resolution on the introduction of the Incentive scheme for the financial years 2023–2027 was formally adopted, the required majority was not achieved with respect to the resolution necessary for the implementation of this scheme, i.e. the resolution on the issue of subscription warrants and conditional increase in the share capital of the Company. Thus, as at the date of publication of this report, the Company has no actual possibility to implement the Incentive Scheme for the financial years 2023–2027.

Changes in the entitlements granted under the 2020–2025 incentive scheme

Specification	01.01.2022 – 31.12.2022		01.01.2021 – 31.12.2021	
	Number of entitlements (not in thousands)	Exercise price in PLN	Number of entitlements (not in thousands)	Exercise price in PLN
Unrealized as at the beginning of the period	4 000 000	390.59 or 371.06	4 000 000	390.59 or 371.06
Granted but not realized as at the beginning of the period	2 275 000	390.59 or 371.06	2 592 000	390.59 or 371.06
Granted during the year	-	390.59 or 371.06	30 000	390.59 or 371.06
Lost during the year	162 000	390.59 or 371.06	347 000	390.59 or 371.06
Not realized as at the end of the period	4 000 000	390.59 or 371.06	4 000 000	390.59 or 371.06
Granted but not realized as at the end of the period	2 113 000	390.59 or 371.06	2 275 000	390.59 or 371.06

Note 41. Transactions with related entities

Terms and conditions of transactions with related entities

The terms and conditions of intra-group transactions were determined on an arm's length basis. The essence of this principle is based on the premise that the terms and conditions agreed in transactions between related parties should not differ from those that would be agreed between independent parties in a comparable situation. Controlled transactions entered into by related parties belonging to the CD PROJEKT Group are verified to determine whether the agreed terms of the transactions are similar to the market terms, based on the recommendations and methods provided for in the OECD Guidelines as well as in national legislation.

Transactions with related parties

	Sales to related parties		Purchases from related parties		Receivables from related parties		Liabilities to related parties	
	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
SUBSIDIARIES								
GOG sp. z o.o.	15 612	14 048	4 968	1 978	2 798	3 411	2 610	232
CD PROJEKT Inc.	314	515	15 156	12 203	43	511	1 185	948
CD PROJEKT Co., Ltd. (liquidated)	-	-	-	6 629	-	-	-	-
Spokko sp. z o.o.	1 321	1 417	-	-	156	9 113	-	-
CD PROJEKT RED STORE sp. z o.o.	1 229	1 222	128	243	839	421	19	158
CD PROJEKT RED Vancouver Studio Ltd.	68	-	16 762	2 889	1 694	1 008	2 746	164
The Molasses Flood LLC	6	-	31 213	2 616	742	-	2 579	1 018
MANAGEMENT BOARD								
Marcin Iwiński	1	18	-	-	-	-	7	20
Adam Kiciński	-	4	-	-	-	-	13	5
Piotr Nielubowicz	2	5	-	-	2	-	13	-
Michał Nowakowski	3	22	-	-	-	-	4	7
Adam Badowski	6	9	-	-	-	7	6	5
Piotr Karwowski	-	1	-	-	-	-	2	-
Paweł Zawodny	7	-	-	-	-	-	-	-
Jeremiah Cohn	1	-	-	-	-	-	-	-

(all amounts in PLN thousand, unless stated otherwise)

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

Remuneration paid to the Management Board members

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Basic remuneration from the employment relationship	95	62
Remuneration for the functions performed	3 932	1 985
Bonuses and remuneration linked to the previous year's result	18 301	106 198
Total	**22 328**	**108 245**

Remuneration paid to other members of the Company's key management personnel

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Basic remuneration from the employment relationship	20 362	24 600
Remuneration for the functions performed	516	547
Bonuses and remuneration linked to the previous year's result	6 721	36 898
Total	**27 599**	**62 045**

Remuneration paid to members of the Supervisory Board

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Remuneration for the functions performed	602	481
Total	**602**	**481**

Note 43. Number of employees

Average number of employees

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Average number of employees	453	384
Total	**453**	**384**

Employee turnover

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Number of new employees	165	106
Number of dismissed employees	61	65
Total	**104**	**41**

Employment in research and development activities

	31.12.2022	31.12.2021
Number of employees	262	195
Total	**262**	**195**

(all amounts in PLN thousand, unless stated otherwise)

Note 44. Capitalization of borrowing costs

Not applicable.

Note 45. Tax settlements

Tax settlements and other 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 uncertainty and conflict arising. Due to these factors, the tax risk in Poland is considerably higher than that usually existing in countries with better developed tax systems.

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

Following the fulfilment of the criteria set out in Article 19 of the Act of 30 May 2008 on certain forms of innovation support (consolidated text, Journal of Laws of 2022, item 2474), the Minister of Development and Technology, by decision No. DNP-V.4241.16.2022 of 11 August 2022, maintained the status of a research and development centre granted to the Company by decision No. 4/CBR/18 of 19 June 2018. The status allows the Company to use more broadly the research and development relief provided for in the Act of 15 February 1992 on corporate income tax (consolidated text, Journal of Laws of 2022, item 2587, as amended).

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

Note 46. Post-balance sheet date events

- Issuance of the decision on preliminary approval of a class action settlement in the USA, as reported by the Company in current report no. 1/2023

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

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

On 31 January 2023, as a result of the Company concluding agreements for the sale of shares with the other shareholders of the subsidiary Spokko sp. z o.o., the 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 Company became the owner of 100% (i.e. 1089) of shares in that subsidiary.

- Introducing 32 000 of the Company's M-series shares to trading on the main market operated by the Warsaw Stock Exchange and their assimilation with other shares of the Company on the main market, of which the Company informed in current reports no. 5/2023 and 6/2023

On 21 February 2023, the Management Board of the Warsaw Stock Exchange adopted a resolution on admitting and introducing to trading on the GPW Main Market of 32 000 M-series ordinary bearer shares of the Company, pursuant to which these shares (designated with the ISIN code: PLOPTTC00060) were admitted to trading on the main market operated by the WSE. Pursuant to the aforementioned resolution, as well as a statement issued on 23 February 2023 by Krajowy Depozyt Papierów Wartościowych S.A. (the Polish Central Securities Depository), as of 28 February 2023 these shares were listed and assimilated with the other shares of the Company traded on the stock exchange with the ISIN code: PLOPTTC00011. The said shares were issued in connection with the Company's incentive scheme operating in 2016-2019 and were subscribed for as a result of a participant in the aforementioned scheme exercising his rights under 32 000 subscription warrants.

- Registration of the merger between the Company and its subsidiary - CD PROJEKT RED STORE sp. z o.o., about which the Company informed by current report no. 7/2023

On 28 February 2023, the District Court for the Capital City of Warsaw in Warsaw entered in the Register of Businesses the merger through acquisition of the Company, 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 Company, without increasing the share capital of the Company and without exchanging shares of the target company for shares of the Company due to the fact that the Company holds 100% of the shares in the target company. The merger was intended to simplify the structure of the CD PROJEKT Group in view of the plans to continue the existing activities of the target company in cooperation with a specialized external entity.

- The decision to create a write-down relating to the Sirius Project, which the Company announced in current report no. 8/2023

On 20 March 2023, the Company's Management Board announced that it has decided to recognize an impairment charge in its books of account in relation to the expenditure incurred to date on Project Sirius developed by The Molasses Flood studio. The decision was based on the results of evaluation of the scope and commercial potential of the Sirius Project in its original format and the ongoing work performed to define a new framework for this project. Expenditure on development projects related to Project Sirius incurred until the end of 2022 amounted to PLN 33.4 million. It is charged to the profit or loss of the Company and the CD PROJEKT Group for 2022. Expenditure recognized as at the date of publication of the aforementioned report in the Company's books of account in January and February 2023 amounted to PLN 9.5 million and will be charged to profit or loss for Q1 2023.

- Convening the Extraordinary General Meeting of the Company to which the Company's current reports no. 9/2023 and 10/2023 relate.

On 22 March 2023, the Company's Management Board convened an Extraordinary General Meeting of the Company for 18 April 2023. The most important items on the agenda of the Meeting will include the adoption of resolutions on the introduction of new incentive schemes in the Company for the years 2023–2027 and the redemption of Treasury shares purchased by the Company as part of the buyback carried out in October 2022, as well as the related reduction of the Company's share capital. The full content of the draft resolutions was published in current report no. 10/2023.

Other information on events after the balance sheet date is included in the Directors' Report on the operations of the CD PROJEKT Group and CD PROJEKT S.A. for 2022.

Note 47. Transactions with entities performing the audits of the financial statements

Fees paid or payable for the financial year	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
For the audit of the annual financial statements and the separate financial statements	117	100
For other assurance services, including a review of the financial statements and separate financial statements	85	60
Total	**202**	**160**

(all amounts in PLN thousand, unless stated otherwise)

Note 48. Explanations to the statement of cash flows

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Cash and cash equivalents reported in the statement of cash flows	**237 073**	**345 795**
Cash and cash equivalents in the balance sheet	237 073	345 795
Depreciation and amortization	**10 676**	**12 658**
Amortization of intangible assets	1 962	2 730
Depreciation of property, plant and equipment	8 681	9 889
Depreciation of investment properties	33	39
Foreign exchange gains/(losses) arise on the following items:	**4 584**	**(15 118)**
Foreign exchange gains/(losses) on measurement of bonds	4 506	(15 047)
Foreign exchange gains/(losses) on measurement of loans granted as at the balance sheet date	78	(71)
Interest and shares in profits comprise:	**(41 131)**	**(343)**
Interest on bank deposits	(25 481)	(68)
Interest on bonds	(15 962)	(534)
Interest accrued on loans granted	(234)	(205)
Interest on lease contracts	546	464
(Gains)/losses on investing activities arise on the following items:	**44 980**	**41 323**
Proceeds from sale of property, plant and equipment	(261)	(1 014)
Net carrying amount of property, plant and equipment	-	878
Net carrying amount of non-current assets scrapped	743	668
Net carrying amount of intangible assets scrapped	296	-
Net carrying amount of investment properties scrapped	-	51
Impairment write-downs of property, plant and equipment, intangible assets and expenditure on development projects	34 286	20 806
Write-downs of shares in subsidiaries	30 171	1 668
Settlement and measurement of derivative financial instruments	2 172	16 466
Commission and fees on purchase of bonds	326	364
Proceeds from redemption of bonds	(202 849)	(82 718)
Value of bonds purchased	180 096	84 154
Change in provisions results from the following items:	**(3 651)**	**(307 704)**
Increase/(Decrease) in provisions for liabilities	12 291	(393 418)
Change in provisions for employee benefits	(25)	(7)
Change in provision for costs of performance-related and other remuneration recognized under expenditure on development projects	(15 917)	85 721
Change in inventories results from the following items:	**3 653**	**(9 712)**
(Increase)/Decrease in inventories	3 653	(9 712)

(all amounts in PLN thousand, unless stated otherwise)

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Change in receivables results from the following items:	**(43 660)**	**1 067 693**
Change in current receivables in the balance sheet	17 599	1 067 805
Change in non-current receivables in the balance sheet	(10)	(341)
Change in prepayments for investment properties	(79)	9
Income tax settled against withholding tax	36 260	8 197
Withholding tax paid abroad	(32 268)	(5 858)
Adjusted for current income tax	(36 260)	(8 197)
Change in prepayments for development projects	(29 002)	6 082
Change in prepayments for property, plant and equipment and intangible assets	100	(4)
Change in current liabilities, excluding financial liabilities, results from the following items:	**18 175**	**(57 773)**
Change in current receivables in the balance sheet	(15 311)	(18 154)
Adjusted for current income tax	22 330	(23 149)
Change in financial liabilities	16 832	(16 567)
Change in liabilities resulting from purchase of property, plant and equipment	(5 092)	118
Change in liabilities resulting from purchase of intangible assets	(594)	62
Change in liabilities resulting from purchase of investment properties	10	(10)
Adjustment for liabilities with the double entry shown under prepayments and deferred costs	-	(73)
Change in other assets and liabilities results from the following items:	**(13 736)**	**(13 846)**
Change in prepayments and accruals in the balance sheet	(2 747)	145
Change in deferred income in the balance sheet	(10 747)	(13 751)
Adjusted for prepayments and deferred costs with the double entry in liabilities	(242)	(240)
"Other adjustments" comprise:	**8 385**	**2 277**
Costs of the incentive scheme	4 058	(895)
Amortization and depreciation written off, reported under cost of sales, consortium settlements and other operating expenses	1 097	3 190
Amortization and depreciation reported under cost of sales and other operating expenses	3 524	-
Other adjustments	(294)	(18)

(all amounts in PLN thousand, unless stated otherwise)

Note 49. Cash flows and non-monetary changes resulting from changes in liabilities in financing activities

	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 own shares	Adopting a resolution on purchase of treasury shares	Adopting a resolution on the payment of dividend	
Lease liabilities	15 471	(3 192)	8 232	(293)	(93)	546	-	-	-	20 671
Liabilities to shareholders in respect of dividend payment	-	(100 739)	-	-	-	-	-	-	100 739	-
Receivables from eligible persons in the incentive scheme	-	822	-	-	-	-	(822)	-	-	-
Liabilities in respect of purchase of treasury shares	-	(99 993)	-	-	-	-	-	99 993	-	-
Total	**15 471**	**(203 102)**	**8 232**	**(293)**	**(93)**	**546**	**(822)**	**99 993**	**100 739**	**20 671**

	01.01.2021	Cash flows	Non-monetary changes							31.12.2021
			Takeover of leased fixed assets	Termination of a lease contract	Foreign exchange differences	Interest accrued	Transfer of own shares	Adopting a resolution on purchase of treasury shares	Adopting a resolution on the payment of dividend	
Lease liabilities	16 970	(3 259)	1 236	(18)	78	464	-	-	-	15 471
Liabilities to shareholders in respect of dividend payment	-	(503 694)	-	-	-	-	-	-	503 694	-
Receivables from eligible persons in the incentive scheme	-	2 149	-	-	-	-	(2 149)	-	-	-
Total	**16 970**	**(504 804)**	**1 236**	**(18)**	**78**	**464**	**(2 149)**	**-**	**503 694**	**15 471**

(all amounts in PLN thousand, unless stated otherwise)

Note 50. Research and development expenditure

	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Salaries and wages	47 256	17 614
Remuneration of associates	59 318	27 020
Capital expenditure, including:	17 953	6 762
Plant and machinery	4 213	4 750
Computer software	12 995	1 859
Intangible assets	745	153
External services	81 247	31 225
Total expenditure on research and development projects	**205 774**	**82 621**

The information contained in the Note relates to research as well as development projects, presented in Note 12 under the headings Expenditure on development projects in progress and Expenditure on development projects completed.

More information on the research and development projects conducted by the Company has been provided in the Directors' Report on the operations of the CD PROJEKT Group and CD PROJEKT S.A. for 2022.

Representations of the Management Board

On the fairness of preparation of the annual separate 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 Company declares that, to the best of its knowledge, these annual separate financial statements and comparative data have been prepared in accordance with the accounting policies applicable in CD PROJEKT S.A. and that they reflect in a true, fair and clear manner the Company's financial position and its results of operations.

These separate 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 2022, and to the extent not governed by the said standards, in accordance with the Accounting Act of 29 September 1994 and the implementing legislation issued on the basis thereof and to the extent required by Regulation of the Minister of Finance of 29 March 2018 on current and periodical information submitted by issuers of securities and conditions for considering as equivalent the information required under the legislation of a non-Member State.

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

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

(all amounts in PLN thousand, unless stated otherwise)

CD PROJEKT

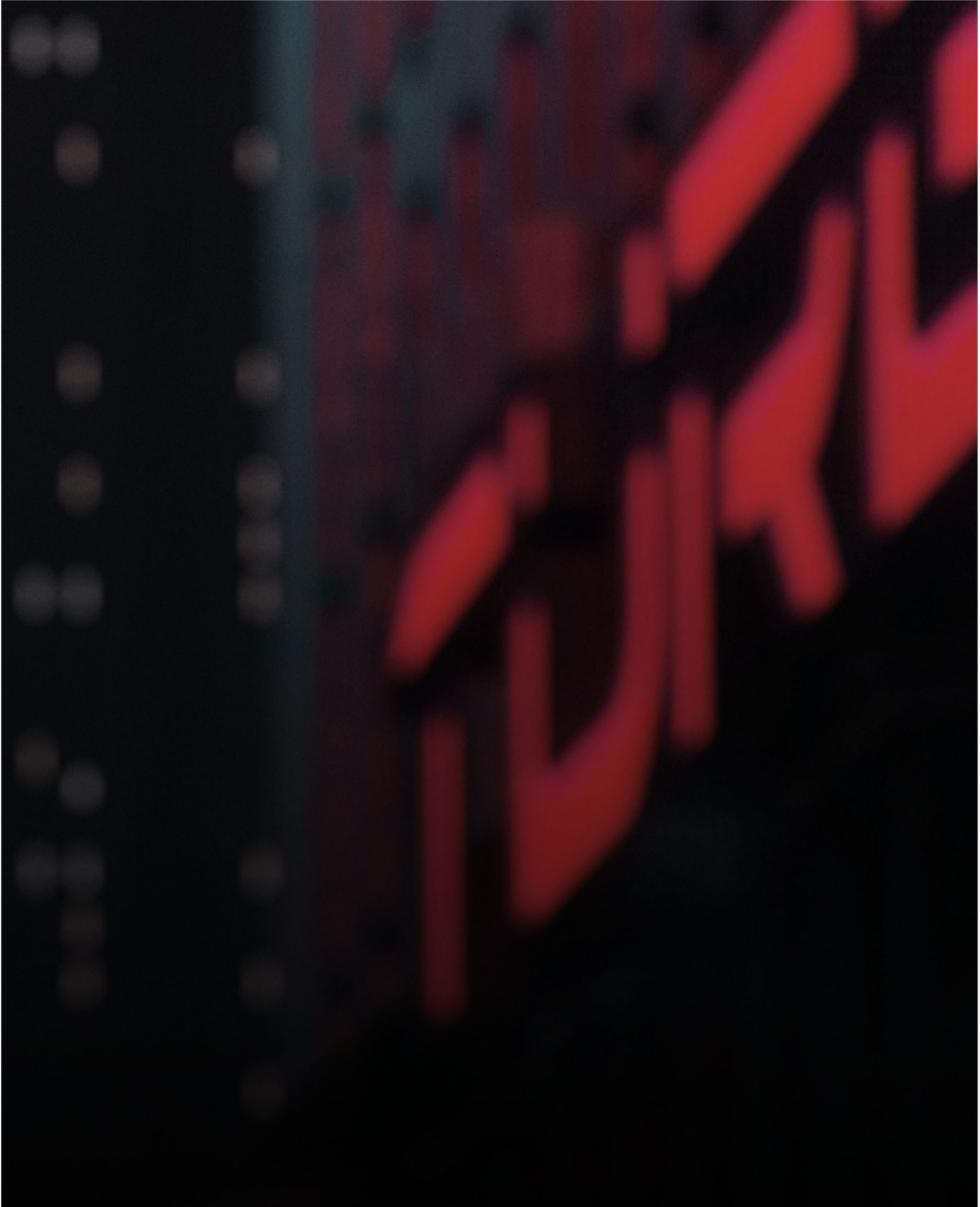
Approval of the financial statements

These separate financial statements of CD PROJEKT S.A. were approved for publication by the Management Board of CD PROJEKT S.A. on 30 March 2023 and signed on 30 March 2023 pursuant to Art. 52(2b) of the Accounting Act of 29 September 1994 (consolidated text, Journal of Laws of 2023, item 120, as amended). The financial statements will be subject to approval by the General Meeting of CD PROJEKT S.A.

Warsaw, 30 March 2023

Piotr Nielubowicz	Krystyna Cybulska
Vice-President of the Management Board	Chief Accountant

(all amounts in PLN thousand, unless stated otherwise)



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