



MANAGEMENT BOARD REPORT ON THE
ACTIVITIES OF THE CD PROJEKT GROUP
FOR THE PERIOD BETWEEN 1 JANUARY
AND 30 JUNE 2024

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.

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Key highlights of the first half of 2024

- On 4 January the CD PROJEKT RED studio announced that over 5 million copies of *Phantom Liberty* – the storyline expansion for *Cyberpunk 2077* – had been sold between its release date (26 September 2023) and the end of 2023
- On 11 April 2024 *Cyberpunk 2077* triumphed in the “Evolving Game” category at the 20th BAFTA Games Awards gala. This award is presented to the game with outstanding post-release support from the dev team
- On 21 May the studio released REDkit – a modding tool for *The Witcher 3: Wild Hunt*, enabling users to create their own adventures set in the world of Geralt of Rivia





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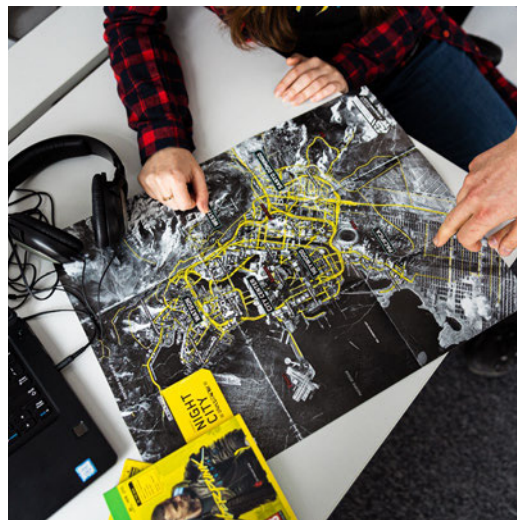
BRIEF OUTLINE OF
THE CD PROJEKT GROUP

Activity profile

CD PROJEKT S.A. (also referred to as CD PROJEKT or the Company), headquartered in Warsaw, conducts business activities in the dynamically growing global digital entertainment segment. These activities, carried out since 1994 under the CD PROJEKT brand name, began by distributing foreign games in Poland. Pivotal moments in the Group's history came in 2002 with the establishment of the CD PROJEKT RED studio, which initiated work on the Company's first major RPG¹ – *The Witcher* – as well as in 2008, with the launch of GOG.COM.

The CD PROJEKT Group currently conducts operating activities in two key global segments: CD PROJEKT RED and GOG.COM.

¹ Role Playing Game – a storyline-driven game based on a consistent narrative.



CD PROJEKT RED

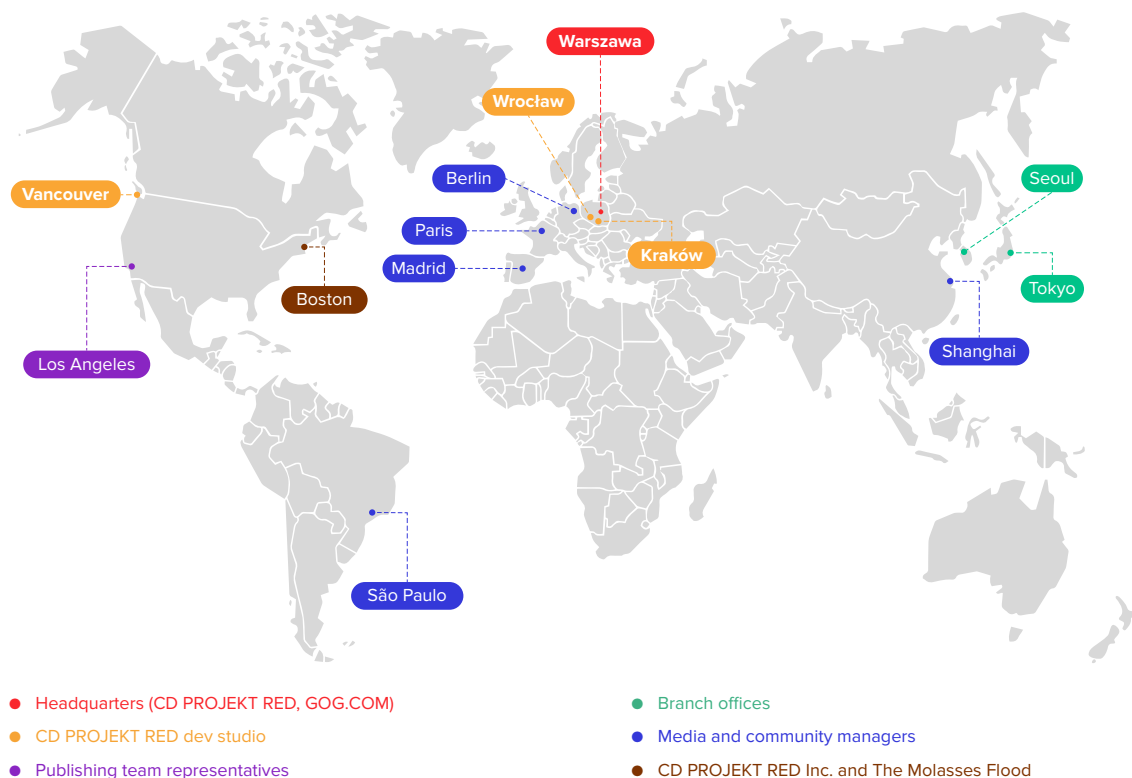
Development and publishing video games and managing the Company's franchises, including through creation and production of tie-in products.

GOG.COM

Digital distribution of videogames via the Company's proprietary GOG.COM platform and the GOG GALAXY application.

During the reporting periods 96.8% of the CD PROJEKT Group's sales revenues were generated by exports. Throughout the first half of 2024 North America and Europe accounted for 70.1% and 19.2% of the Group's sales respectively.

Map 1 The CD PROJEKT Group around the world



GROWTH STRATEGY

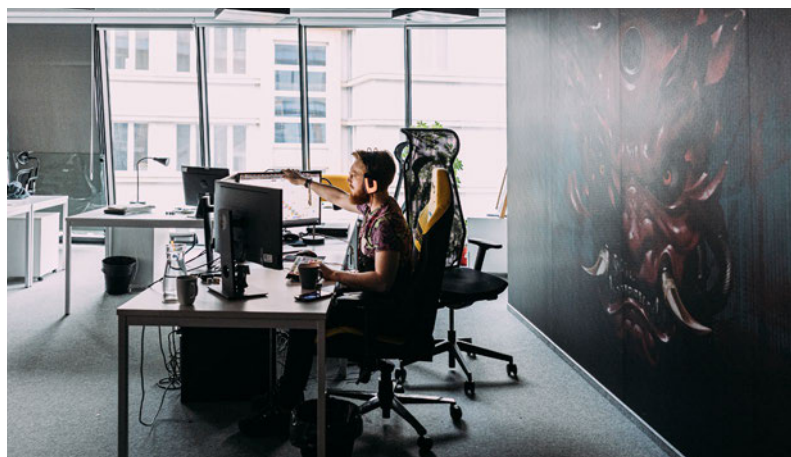
Strategic directions related to development and support for the team, along with transformation of the videogame development process are presented in the [CD PROJEKT Group Strategy Update](#) published in 2021 (including the accompanying [video commentary](#)) as well as in our [Strategy Update](#) which focuses on long-term plans for developing key projects and was published in 2022.

In the framework of its strategy, in the coming years the Studio intends to develop and publish the following releases:

- A new Witcher trilogy, the first installment of which is the game codenamed Polaris;
- Project Sirius (a game with multiplayer features, developed by The Molasses Flood);
- *The Witcher Remake* (developed in collaboration with Fool's Theory);
- Project Orion – upcoming game in the Cyberpunk universe.

Other than the projects revealed in the Strategy Update, the Studio also engages in other, unannounced projects, which will be publicized following positive verification of their commercial potential, or commencement of their associated informational campaigns, as appropriate.

In addition, CD PROJEKT RED is carrying out internal work on the third proprietary IP codenamed Hadar.

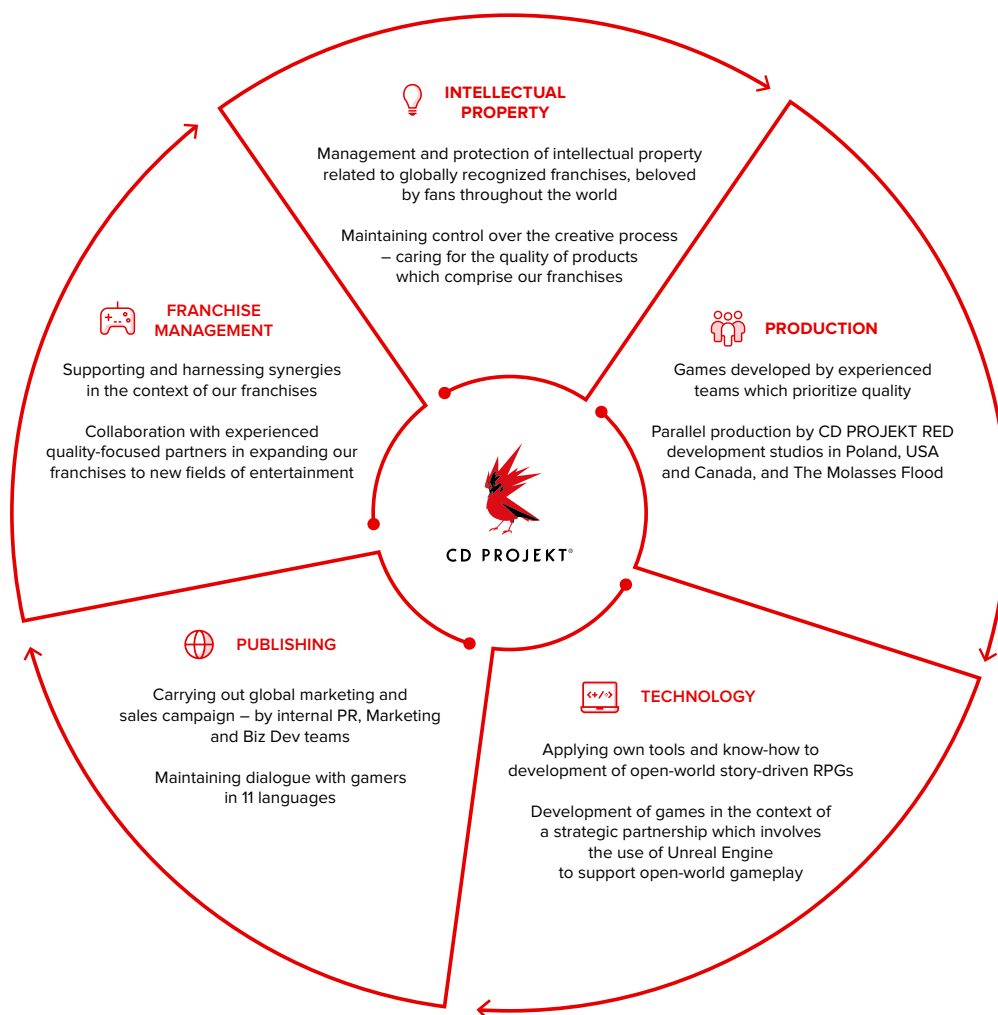


In line with the adopted strategy, in late 2023 CD PROJEKT RED launched a new hub in Boston (distinct from The Molasses Flood). This hub is tasked with work on the new game set in the Cyberpunk universe – Project Orion.

CD PROJEKT has also revealed that it was carrying on with the franchise flywheel concept, which involves developing an ecosystem of mutually supporting products, rooted in the potential of the Studio's franchises. The Group collaborates with various external partners in order to create new ways to interact with its franchises. CD PROJEKT further announced enrichment of its entertainment ecosystem with games offering multiplayer features.

Details of the CD PROJEKT Group's strategy are described in materials available on the [Company website](#).

Chart 1 CD PROJEKT Group – business model



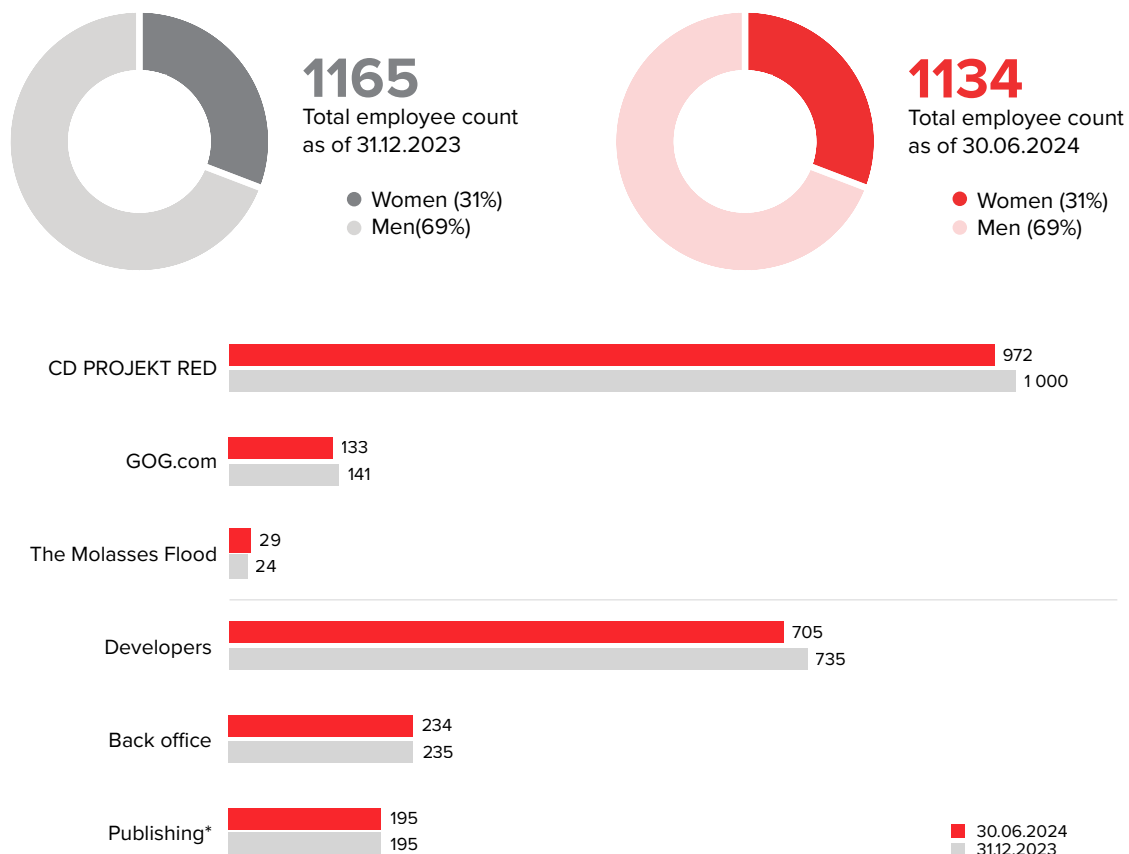
EMPLOYMENT

The Group considers its team to be its greatest asset. We employ people who are passionate about developing world-class products and services. Their talent, involvement and motivation represent the human capital of the CD PROJEKT Group. They, along with their creative ideas, are the force behind the Group's success.

At CD PROJEKT, we are building a work environment based on acceptance, openness, and trust because we believe it fosters the creativity of our teams and enhances the innovation and appeal of our creations. This belief is enshrined in the [CD PROJEKT S.A. Diversity Policy](#) – an expression of basic values which apply to the Company and guide relations among its team members, key managers and members of the Management Board and Supervisory Board.

CD PROJEKT is also a signatory to the [Diversity Charter](#) – an international initiative organized under the auspices of the European Commission, which obligates us to institute non-discrimination policies at the workplace, take action to promote diversity and involve team members and business partners in these activities.

Chart 2 Employment structure at the CD PROJEKT Group at the end of 2023 and at the end of H1 2024



* The Publishing branch comprises, among others, Marketing, PR, Business Development, Customer Relations and Game Releases teams.

At the close of the first half of 2024 the CD PROJEKT Group employed 1 134 persons.

Growth prospects of the CD PROJEKT Group

The CD PROJEKT Group conducts its business in the global videogame market which is one of the most dynamic branches of the global economy. Newzoo – respected analysts of the videogame and e-sports markets – estimate that by 2027 the volume of the global videogame market will reach 213 billion USD², which implies a cumulative annual growth rate (CAGR) of 3.7% for the 2023–2027 period. According to PwC’s “Global Entertainment & Media Outlook 2023–2027”³ report, the videogame and e-sports market is expected to grow by 7.9% annually during this period.

The global gaming community continues to grow each year, both quantitatively and in terms of engagement (i.e. time spent playing). Newzoo⁴ estimates that at the end of 2023 there were 3.3 billion gamers worldwide. In 2027 the total figure is expected to reach nearly 3.8 billion, with a cumulative annual growth rate for 2021–2027 projected at 3.5%.

The growth outlook of the Group is affected by the increasing popularity of this form of entertainment as an approachable and attractive mass market offering, and also by technological advancements which result in increasing sophistication and realism of products offered, increasing availability and affordability of gaming devices, along with further development of digital means of reaching potential gamers and new game distribution channels.

2 The Global Games Market Report 2024, Newzoo, 13 August 2024; accessed on 13 August 2024;
<https://newzoo.com/resources/trend-reports/newzoos-global-games-market-report-2024-free-version>

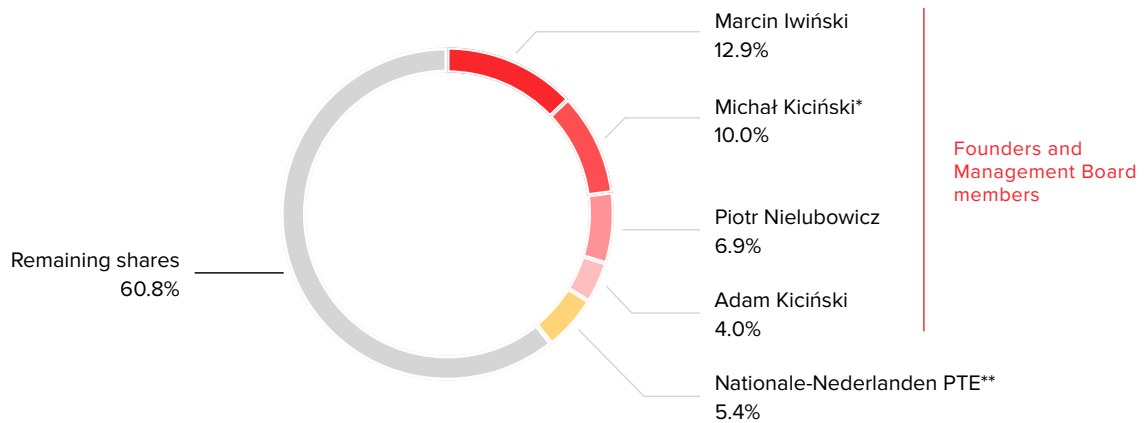
3 Perspectives from the Global Entertainment & Media Outlook 2023–2027, PwC, 21 June 2023, accessed on 1 August 2024;
<https://www.pwc.com/gx/en/industries/tmt/media/outlook/insights-and-perspectives.html>

4 The Global Games Market Report 2024, Newzoo, 13 August 2024; accessed on 13 August 2024;
<https://newzoo.com/resources/trend-reports/newzoos-global-games-market-report-2024-free-version>

CD PROJEKT S.A. on the securities market

The CD PROJEKT brand has been present on the Warsaw stock exchange since 2010. 99 910 510 Company shares are traded on the Main Market of the Warsaw Stock Exchange under the continuous trading system. Key shareholders of CD PROJEKT S.A. are its co-founders – Marcin Iwiński (incumbent Chairman of the Supervisory Board) and Michał Kiciński. Other major shareholders who are also members of the Company's Management Board are Piotr Nielubowicz – Chief Financial Officer and Adam Kiciński – Chief Strategy Officer.

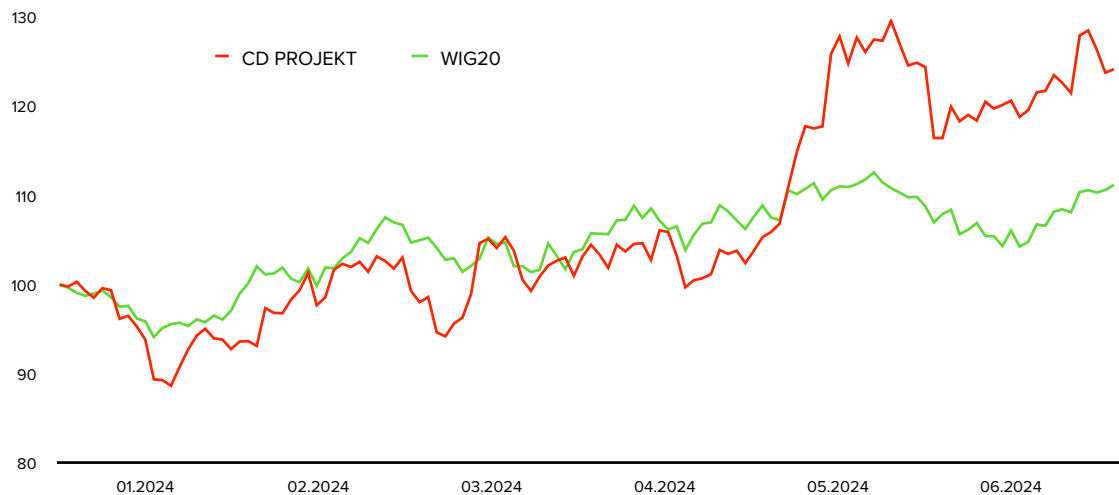
Chart 3 Company shareholding structure as of the publication date of this report



* According to a notification filed on 13 November 2023

** According to a notification filed on 12 August 2024, the funds managed by Nationale-Nederlanden PTE S.A. collectively held 5.42% of Company shares, including 5.03% in possession of Nationale-Nederlanden OFE

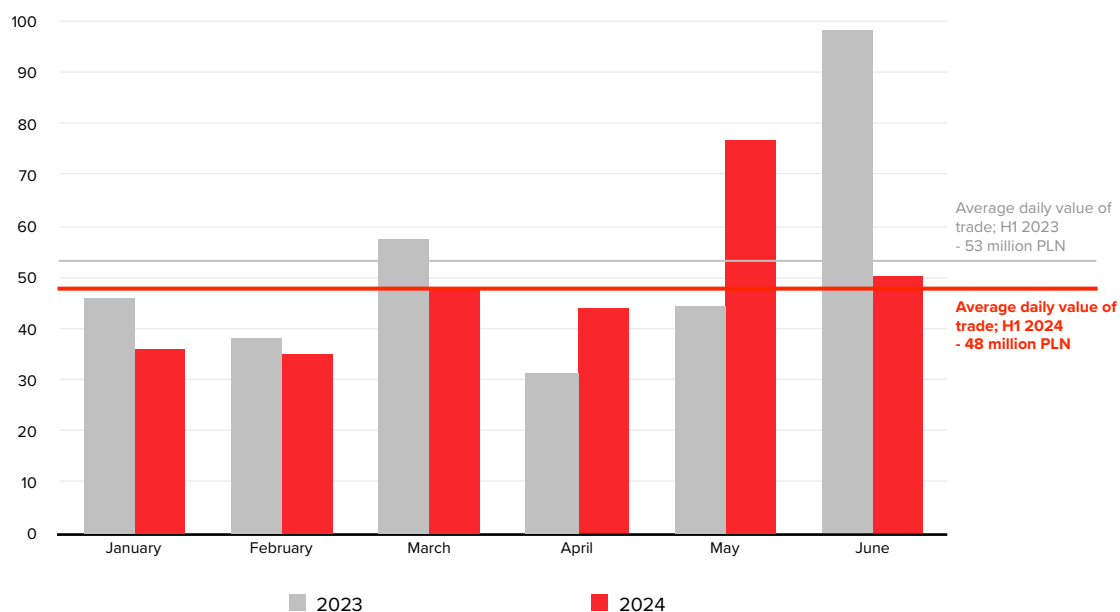
Chart 4 CD PROJEKT S.A. stock price and the WIG20 index between 1 January and 30 June 2024



Between 1 January and 30 June 2024 the Company stock price fluctuated between 99.20 PLN (19 January 2024) and 145.00 PLN (22 May 2024). During this half-year period the stock price increased by 24.2%, to 138.95 PLN at the end of the final trading day of H1 2024 (28 June 2024). Over the same period the WIG20 index gained 11,2% while the main WIG index gained 14.4%.

At the end of June 2024 the market capitalization of CD PROJEKT S.A. was 13.9 billion PLN.

Chart 5 Average daily value of trade in CD PROJEKT S.A. shares (by month) between 1 January and 30 June 2024 (PLN millions)



The aggregate value of trade for the first half of 2024 was 5.9 billion PLN, which is 10% less than during the reference period in 2023. The average daily value of trade was 47.9 million PLN, compared to 53.2 million PLN the year before. An increase was, however, observed in the average number of transactions per trading day – from 6 017 to 6 327.

Table 1 Key indicators of CD PROJEKT S.A. stock

	H1 2024	H1 2023	Change
Net earnings per share (PLN)	1.70	0.90	88.9%
Quantity of shares in trading (in thousands) at end of period	99 910 510	99 910 510	0%
Highest closing price during fiscal year (PLN)	145.00	170.00	-14.7%
Lowest closing price during fiscal year (PLN)	99.20	105.64	-6.1%
Price at beginning of period (PLN)	111.90	129.34	-13.5%
Price at end of period (PLN)	138.95	154.85	-10.3%
Average price during period (PLN)	119.54	128.03	-6.6%
Market capitalization at end of period (PLN thousands)	13 882 565	15 471 142	-10.3%
Average number of transactions per trading day	6 327	6 017	5.2%
Average daily value of trade (PLN thousands)	47 979	53 250	-9.9%
Average daily trading volume (shares)	395 947	407 967	-2.9%

As of the publication date of this report 24 brokerage houses, both foreign and domestic, issue recommendations concerning Company stock. The full list of analysts and brokerage houses which issue recommendations concerning Company stock can be found on the CD PROJEKT website at <https://www.cdprojekt.com/en/investors/analysts/>.



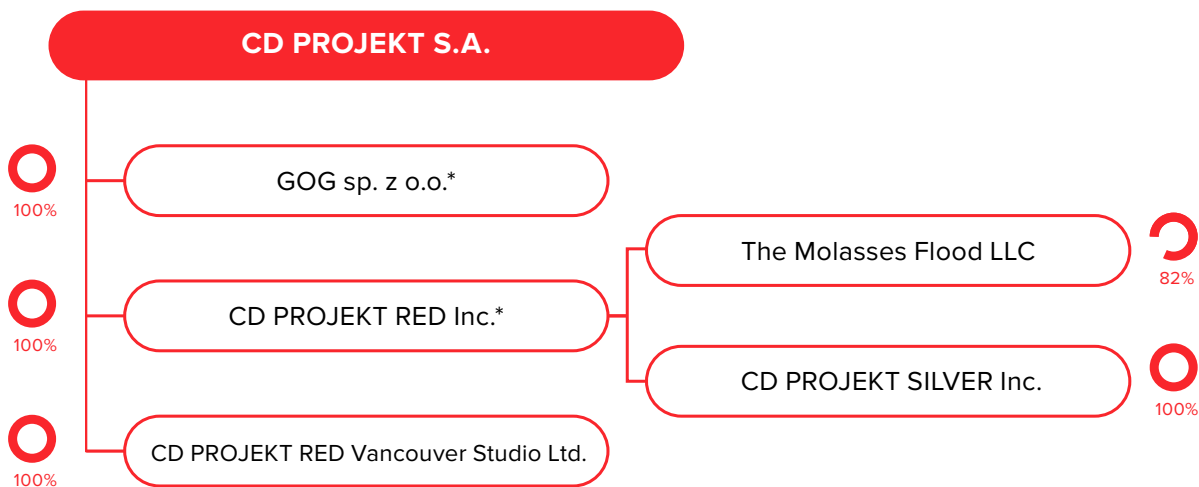
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CD PROJEKT GROUP
ACTIVITY PROFILE

Organizational structure of the CD PROJEKT Group

As of 30 June 2024, the CD PROJEKT Group consisted of the parent entity – CD PROJEKT S.A. – and five subsidiaries: GOG sp. z o.o., CD PROJEKT RED Inc., CD PROJEKT RED Vancouver Studio Ltd., The Molasses Flood LLC and CD PROJEKT SILVER Inc.

Chart 6 CD PROJEKT Group at the end of the first half of 2024 (capital and voting share)



*Consolidated companies



Table 2 Basic activity profile of each member company of the CD PROJEKT Group as of 30 June 2024

Company	Scope of activity
CD PROJEKT S.A.	The principal scope of activity of the company, carried out through its CD PROJEKT RED studio, involves development and publishing of videogames based on the Company's IP, selling the associated distribution rights, as well as manufacturing, selling, licensing and publishing tie-in products. CD PROJEKT S.A. also serves as the holding company of the CD PROJEKT Group, and coordinates the activities of subsidiaries which comprise the Group (offices in Warsaw, Kraków and Wrocław).
GOG sp. z o.o.	The company distributes videogames through online channels to customers from around the world. The company also owns the GOG.COM proprietary global digital distribution platform and the GOG GALAXY application (office in Warsaw).
CD PROJEKT RED Inc.	The company coordinates development work on Project Orion and participates in publishing and promotional activities focused on CD PROJEKT Group projects (office in Boston).
CD PROJEKT RED Vancouver Studio Ltd.	The company coordinates development in the framework of the CD PROJEKT RED studio (office in Vancouver).
The Molasses Flood LLC	This gamedev studio is working on the project codenamed Sirius (office in Boston).
CD PROJEKT SILVER Inc.	A company established to participate in development of entertainment products tied to CD PROJEKT brands.

No changes in the organizational structure and composition of the CD PROJEKT Group occurred during the reporting period.

The above member companies of the CD PROJEKT Group, incorporated as of 30 June 2024, except for CD PROJEKT RED Vancouver Studio Ltd., The Molasses Flood LLC and CD PROJEKT SILVER Inc., were subject to full consolidation. Detailed information can be found in the *Consolidated Financial Statement of the CD PROJEKT Group for the first half of 2024*.

Disclosure of business segments, products and services, outlets, suppliers and clients

In the first half of 2024 the Group conducted business activities in two segments:

- CD PROJEKT RED,
- GOG.COM.

CD PROJEKT RED SEGMENT

Target and scope of business activity



Activities within this segment focus on the Company's franchises – The Witcher and Cyberpunk – and involve the following:

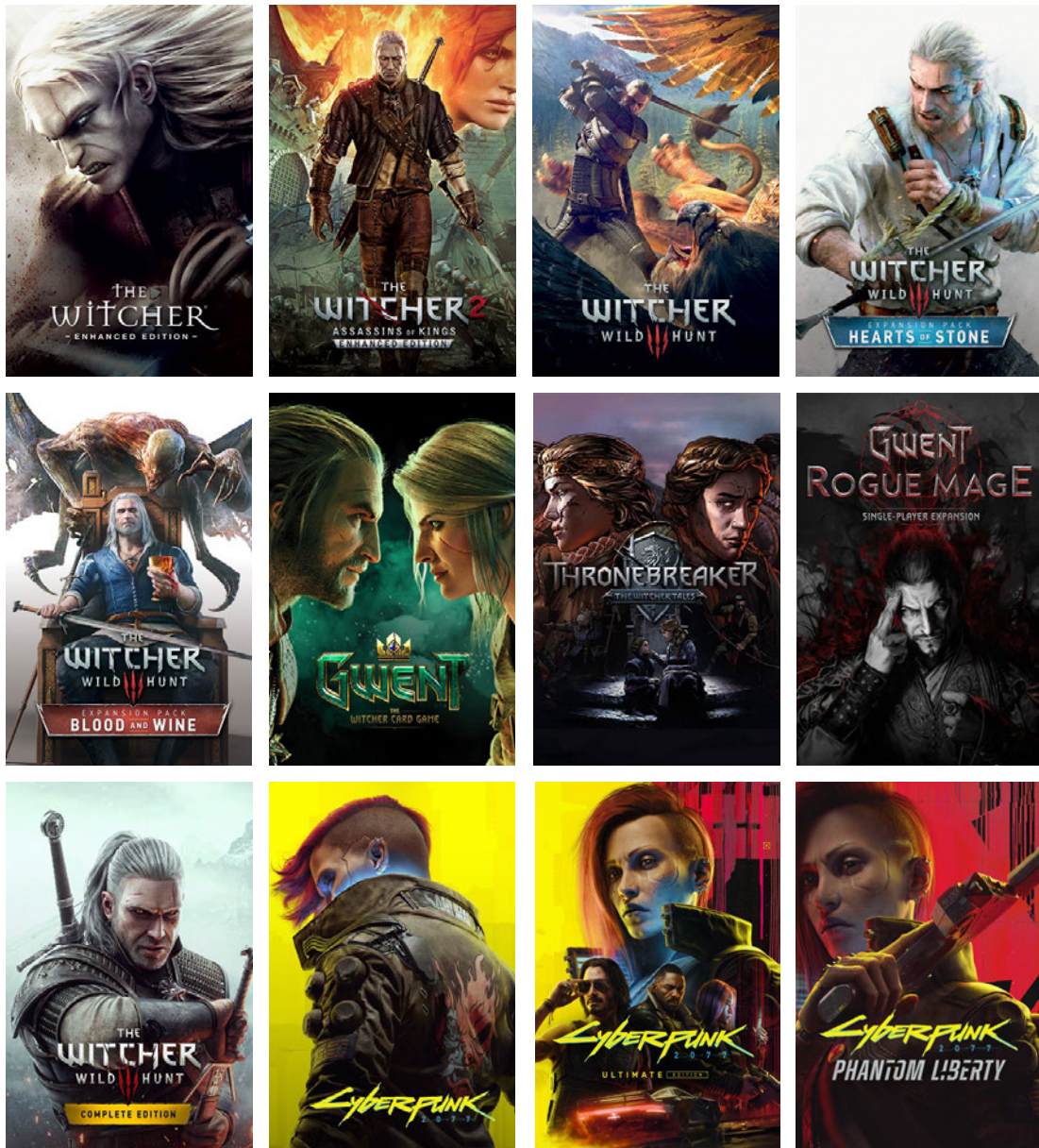
- developing and publishing videogames;
- coordinating promotion, distribution and sales of own products;
- managing the Group's franchises and IP;
- collaborating with external partners in the scope of creating, selling, licensing or publishing tie-in products based on the Group's franchises.

Key products

Videogame development commenced in 2002 and initially focused on the studio's RPG debut: *The Witcher*. This game, set in Andrzej Sapkowski's fantasy world, was released in 2007 to global acclaim, garnering over 100 awards and accolades.

The Studio's key product portfolio currently includes the following videogames:

- *The Witcher*;
- *The Witcher 2: Assassins of Kings*;
- *The Witcher 3: Wild Hunt* with two expansion packs – *Hearts of Stone* and *Blood and Wine*;
- *Cyberpunk 2077* with its expansion pack – *Phantom Liberty*.



Key sources of revenue

Sales of CD PROJEKT RED games are carried out under the following core business models:

- sales of territorial distribution rights (for box and digital editions), settled post factum on the basis of monthly or quarterly sales reports / licensing reports submitted by the Company's business partners;
- supplies of physical box editions to the Company's business partners for retail resale;
- supplies of batches of activation codes which permit the game to be downloaded and installed;
- sales carried out through optional microtransactions in *GWENT: The Witcher Card Game*.

Digital distribution agreements concluded by the Company are typically settled in monthly cycles, while distribution of physical videogame editions follows quarterly reporting cycles. Depending on the specific partner or contract, the Company also collects licensing reports – these are submitted 30, 45 or 60 days following the end of each reporting period (typically each month or quarter).

In the first half of 2024 the most important CD PROJEKT RED products from the point of view of revenues were:

- *Cyberpunk 2077* together with its expansion – *Phantom Liberty*;
- *The Witcher 3: Wild Hunt*, together with its expansions – *Hearts of Stone* and *Blood and Wine*.

Revenues were also generated – to a lesser degree – by micropayments in *GWENT: The Witcher Card Game* and *Thronebreaker: The Witcher Tales*. Additionally, the Company offered earlier instalments in The Witcher franchise, including *The Witcher* and *The Witcher 2: Assassins of Kings*, both of which continue to attract players and generate revenues.

The Company also obtained revenues from tie-in products (in the framework of the “franchise flywheel” concept) associated with The Witcher and Cyberpunk franchises.

Key business partners and suppliers

Within the CD PROJEKT RED activity segment, the Group carries out active distribution of its games for various hardware platforms, through leading digital distribution platforms (e.g. Steam, PlayStation Store, Xbox Games Store, Epic Games Store, Nintendo, Apple App Store, Google Play and Humble Bundle, along with its own proprietary GOG.COM platform) as well as traditional distribution channels, in cooperation with leading global distributors (such as BANDAI NAMCO Entertainment Europe S.A.S., Warner Bros. Home Entertainment, Epicsoft Asia PTE LTD, Bandai Namco Entertainment Australia PTY LTD, Cenega S.A., Spike Chunsoft Co., Ltd., GEEKAY, U&I Entertainment LLC).

In the first half of 2024 sales to two clients exceeded 10% of the Group's consolidated sales revenues and totaled 167 899 thousand PLN and 71 999 thousand PLN respectively (39.5% and 16.9% of the Group's sales revenues respectively). These clients are not affiliated with CD PROJEKT S.A. or any of its subsidiaries.

The videogame development process relies on certain bought-in tools and technical solutions; however, these do not result in significant concentration of supply. No CD PROJEKT RED supplier accounted for more than 10% of the consolidated revenues of the Group in the first half of 2024.

Communication

In the scope of its publishing activities, the Company is responsible for building promotional campaigns around its proprietary products, and directly engages in communication with the player via using electronic channels, social media platforms and participation in events. This area of activity is guided by the “Always remember about gamers” principle, which is one of the Studio’s core values. CD PROJEKT RED actively manages over 110 social media profiles in more than a dozen languages, both global and local (such as the BILIBILI and Weibo platforms in China, and the Naver Cafe platform in Korea).

Key corporate and marketing events

Cyberpunk 2077

In early 2024, on 4 January, CD PROJEKT RED announced that *Phantom Liberty* – the storyline expansion for *Cyberpunk 2077* – had sold over 5 million copies around the world between its launch on 26 September 2023 and the end of that year.

On 20 March Go On Board – creators of *The Witcher: Old World* board game – announced another project in partnership with CD PROJEKT RED: a board game set in the *Cyberpunk 2077* universe. The corresponding crowdfunding campaign is set to launch on 3 September on the Gamefound platform.

On 28–31 March CD PROJEKT RED, in collaboration with Xbox and PlayStation, organized a free-of-charge trial of the base console edition of *Cyberpunk 2077*. Every owner of current-generation consoles could play the game at no cost for five hours, experiencing all the extensions introduced in Updates 2.0 and 2.1.

On 11 April, at the 20th gala BAFTA Awards ceremony the *Cyberpunk 2077* dev and support team took first prize in the “Evolving Game” category, which is awarded by the jury to games with outstanding post-release support.

On 20 May, at the Digital Dragons gala, awards were presented to the best Polish games of 2023, with *Phantom Liberty* carrying “Best Polish Game” and “Best Polish Narrative” categories.

On 4 July, after the close of the reporting period, another Cyberpunk board game was announced. *Cyberpunk: Edgerunners Board Game*, developed by No Loading Games in partnership with CD PROJEKT RED, is scheduled to retail in 2025.

On 22 August an official meetup of the local *Cyberpunk 2077* community took place in the framework of gamescom 2024 in Cologne, Germany. On that day, CD PROJEKT RED organizers invited guests to a joint celebration in a recreated Dogtown setting, well known from *Phantom Liberty*.

The Witcher universe

On 31 January 2024, owing to collaboration between CD PROJEKT RED and Com2uS the mobile RPG – Summoners War: Sky Arena – was visited for a limited time by Witcher franchise characters – Geralt, Ciri, Triss and Yennefer, marking that game’s 10th anniversary.

On 21 May the Company released REDkit – a modding tool for *The Witcher 3: Wild Hunt*, enabling users to create their own adventures in the world of Geralt of Rivia. The editor provides features for modifying characters, their costumes, quests, locations, cutscenes and dialogue trees. To mark its release, the Studio also released a set of tutorials, a video trailer, creator testimonials and a special episode of REDstreams entirely devoted to the editor, prepared in partnership with professional modders from the Yigsoft group.

On 20 August CD PROJEKT RED announced that *The Witcher 3: Wild Hunt* was being offered to owners of PlayStation 4 and PlayStation 5 as part of the PlayStation Plus Extra and Premium game catalogues.

Other events

On 18–22 March the Developer Conference (GDC) took place in San Francisco. During this six-day event CD PROJEKT RED representatives organized 14 talks, sharing their experiences with developing *Cyberpunk 2077* and the *Phantom Liberty* expansion with other game industry professionals.

On 19–21 the Digital Dragons conference was held in Kraków. This year’s edition featured talks, discussion panels and workshops organized by nearly 20 CD PROJEKT RED representatives (13 activities in total) and devoted to artwork, narration, design, audio and communication-related experiences.

On 14–16 June another edition of the Pyrkon festival took place in Poznań, with a range of activities prepared by CD PROJEKT RED. Studio members organized a cosplay competition for fans of *The Witcher* and *V*, and also took part in a range of discussion panels.

Ticket sales for Art For All launched on 18 July, after the close of the reporting period. This event is aimed at everyone wishing to develop their skills in the area of creative arts, and will take place on 7 September at EC1, alongside this year’s edition of the *Promised Land Art Festival*.

GOG.COM

Target and scope of business activity

The GOG.COM platform was launched in August 2008. Its initial mission was to revitalize major PC cult classics and offer them for sale to international customers. In 2024 the platform was offered in English, French, German, Russian, Chinese and Polish – this includes full website and game localizations, as well as integration with locally popular payment channels, accepting payments in sixteen currencies. GOG.COM also carries releases for the macOS and Linux operating systems.

Activities carried out in this segment focus on digital distribution of videogames via the Company's proprietary GOG.COM distribution platform and the GOG GALAXY application. The platform enables customers to purchase games, remit payment and download game files to their personal devices, while the GOG GALAXY application provides – among others – automatic updates, cloud saves, online and cross-play features.

Payments collected by GOG sp. z o.o. from customers are split with the Company's suppliers as agreed upon in distribution contracts. Typical contracts require the Company to submit sales reports to its suppliers in monthly or quarterly cycles, not later than 30 days following the close of the given reporting period. With regard to certain older products the company may be contractually permitted to adapt them to the requirements of modern operating systems, or to enable multiplayer gameplay if such features were originally provided by the given game.

Key products

As of the publication date of this report, the GOG.COM digital distribution platform offers over 9000 products from more than 1300 partners. This includes both timeless classics and fresh releases from such well-known brands as Sony, Bethesda, Disney, Electronic Arts, Ubisoft, Konami and Warner Bros.

The key difference between GOG.COM and its competition is its strong customer focus and the “gamers first” approach. This is evidenced, among others, by striving to ensure that single-player gamers are distributed in the DRM-free model, free of restrictions which might otherwise prevent customers from enjoying their purchases. Products offered on GOG.COM are also richly featured and usually include bonus content such as soundtracks, maps and wallpapers.

In addition to the above, GOG.COM ensures compatibility of its games with current versions of MS Windows, macOS and popular distributions of Linux, which is a particular advantage in the case of classic games and contributes to preservation of videogame history.

The Group uses GOG.COM to market its own products directly to end users – this includes games set in The Witcher universe, as well as *Cyberpunk 2077* together with its expansion – *Phantom Liberty*.

Key sources of revenue

Revenues obtained in the GOG.COM segment are directly dependent on the popularity of the offered games and their respective sales volumes. The Company continuously expands the scope of its cooperation with suppliers and seeks access to new, attractive products. GOG.COM is also home to seasonal and one-off sales campaigns, including summer, fall and Christmas bargain packages as well as other events which introduce new ways to attract gamers.

Key product and marketing events

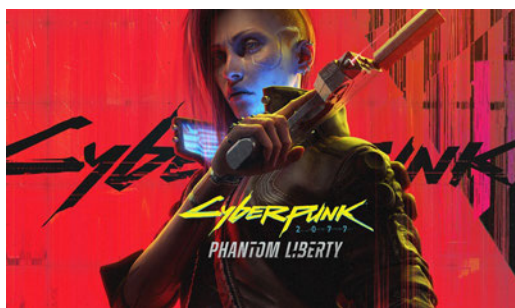
Digital distribution of videogames

In the first half of 2024 the GOG.COM catalogue was expanded – among others – by games such as *Sinking City*, *Robocop Rogue City*, *Sniper Ghost Warrior Contracts 2 Complete Edition*, *Tomb Raider I-III Remastered*, *Alpha Protocol*, *God of War*, *Manor Lords*, *Resident Evil*, and *Riven*.

Sales support

Sales support in the digital distribution segment focuses mainly on adding new attractive items to the catalogue and carrying out seasonal promotional campaigns.

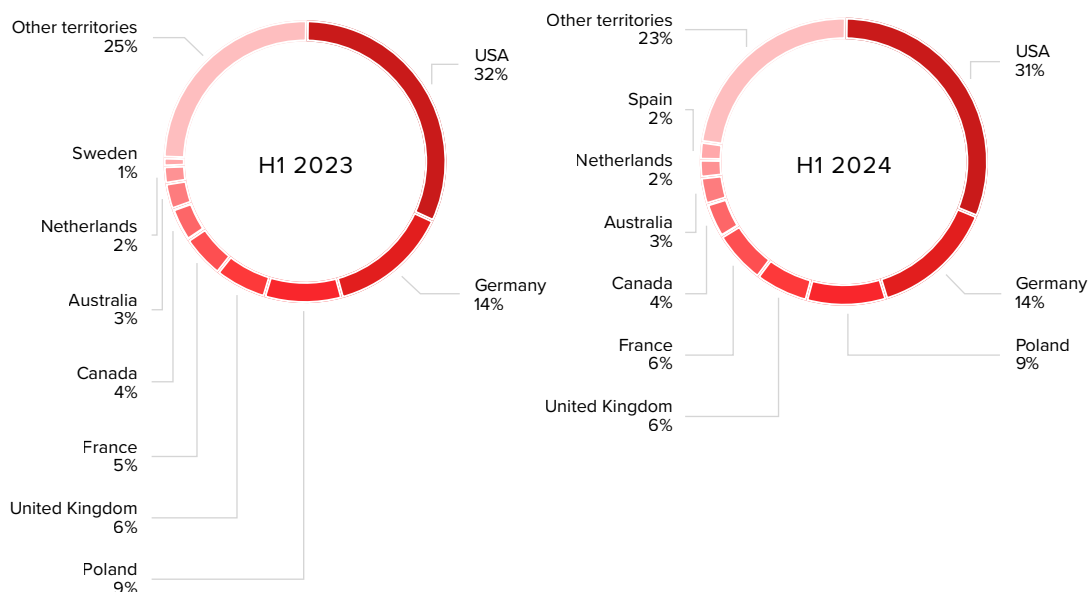
GOG.COM's largest promotional campaigns of the first half of 2024 included the seasonal Spring and Summer Sales. During the latter, over 6 thousand games were offered at bargain prices. The GOG team also organized other promotional events, including a series of thematic sales focused, among others, on story-rich games, horrors, strategy games or games featuring characteristic pixel art.



Key suppliers and clients

GOG sp. z o.o. markets games via online channels directly to millions of individual users worldwide. As such, the segment does not have key clients in the usual sense of the term.

Chart 7 Sales of products and goods by GOG.COM in the first half of 2024 and the first half of 2023, by territory



In terms of territorial breakdown, sales in the first half of 2024 followed the pattern established in the preceding years. During this period the largest group of GOG.COM customers came from the United States (31%), followed by Germany (14%), Poland (9%), the United Kingdom (6%) and France (6%).

As of 30 June 2024 no single supplier in the GOG.COM segment accounted for more than 10% of the Group's consolidated revenues.

KEY CORPORATE EVENTS

On 20 February 2024, at an Extraordinary General Meeting of CD PROJEKT, the Earnings Condition (cumulative consolidated net earnings for the years 2024–2027) was set in the framework of Incentive Program B at 3 billion PLN for entitlements assigned in 2024. All materials related to this General Meeting, including resolutions adopted thereby, are available on the Company website.

On 28 March the Management Board of the Company recommended that 99,910,510.00 PLN from the net profit obtained in 2023 be allocated towards a dividend (at 1 PLN per eligible share). The Management Board further recommended that the remainder of the divisible net profit for the preceding year, at 344,177,050.72 PLN be transferred to the Company's reserve capital. These recommendations were duly endorsed by the Supervisory Board on 16 April. On 14 June the Ordinary General Meeting voted to allocate the Company's earnings in accordance with the Management Board's recommendation, setting the dividend record date to 21 June and the dividend payment date to 27 June.

On 14 June 2024 the Ordinary General Meeting of CD PROJEKT also approved amendments to the Remuneration Policy of Members of the Management Board and Members of the Supervisory Board of the Company. The full wording of resolutions adopted at the OGM is available on the Company website.

EVENTS FOLLOWING THE BALANCE SHEET DATE

No significant events affecting this report occurred after the balance sheet date.

EFFECT OF THE ARMED CONFLICT IN UKRAINE ON THE ACTIVITIES OF THE CD PROJEKT GROUP

Effect on earnings

In response to the Russian armed invasion of Ukraine, on 3 March 2022 the Management Board of CD PROJEKT decided to suspend sales of CD PROJEKT Group products as well as games distributed on the GOG.COM platform on the territory of Russia and Belarus.

The Company estimates that throughout the 12-month period between March 2021 and February 2022 the aggregate share of Russia and Belarus in revenues from sales of products in the CD PROJEKT RED segment and in GOG.COM sales revenues amounted to 5.4% and 3.7% respectively.

Risks associated with the armed conflict in Ukraine

The Company continually monitors the effects of the current political and economic situation in Ukraine, Russia and Belarus upon the activities of the CD PROJEKT Group.

The Company has terminated collaboration with Russian and Belarussian suppliers. At the present time the Company does not intend to initiate any further collaboration with such entities.

As of the publication date of this report the Group's operating activities proceed unhindered, and the effect of the Russian armed invasion of Ukraine do not have a direct significant negative impact on the Group's operations.

In the Management Board's opinion, the armed conflict in Ukraine does not materially affect the quantitative data contained in the financial statement, does not provide a reason to suspect impairment of assets, should not have a significant negative effect on the Group's earnings in 2024, and does not jeopardize continuation of the Company's activities within 12 months of the end of the reporting period.

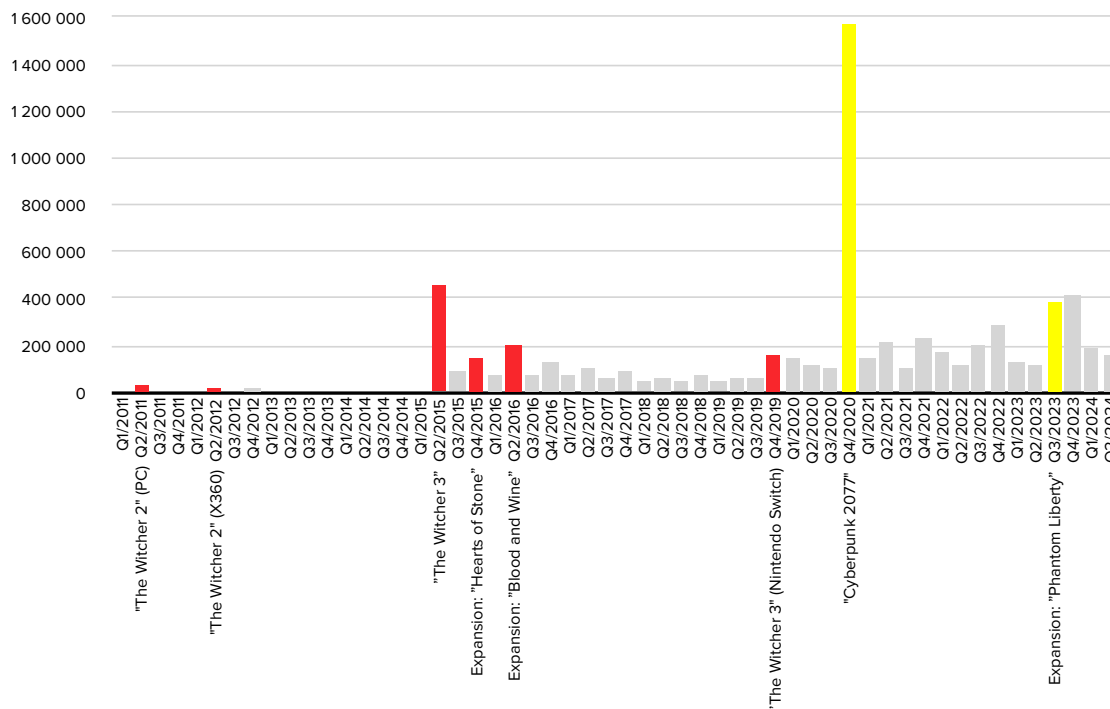
Insofar as possible, the above assessment of the effect of the armed conflict in Ukraine upon the Company's activities reflects the Company's knowledge as of the publication date of this report. Consequently, it is liable to change in the event of abatement or escalation of the conflict.

DISCLOSURE OF SEASONAL OR CYCLICAL ACTIVITIES

CD PROJEKT RED

The revenues and financial result of the CD PROJEKT RED segment are strongly affected by the videogame release schedule. CD PROJEKT RED usually takes between 3 and 6 years to produce a game. Historically, the Studio had focused on a single large development project at a time, with initial conceptual work on a new game occurring before the previous game was complete and ready to be released.

Chart 8 Effect of new releases on the quarterly revenues from sales of products, goods and materials by CD PROJEKT RED in 2011–2024 (PLN thousands)



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

Currently, the CD PROJEKT Group carries out parallel development of several games (including in collaboration with external dev teams).

With regard to games which have already been released, their yearly sales breakdown is dependent on the schedule of periodic promotional activities. In most cases, strong sales are reported in the second and fourth quarter, while the first and the third quarter (the latter of which overlaps with the summer vacation season) see weaker sales.

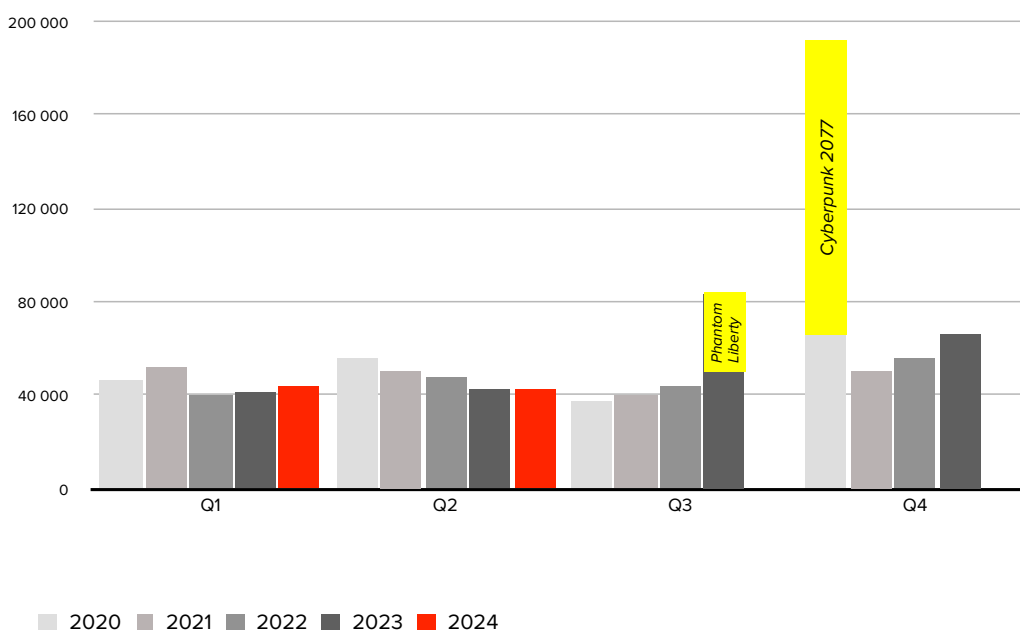
In addition to pure development activities, the Company also actively manages its franchises in other fields, working to continually expand its target audience, and exploring new media types and platforms.

GOG.COM

The digital videogame distribution market, which is the main area of activity of GOG.COM, is characterized by seasonal fluctuations in revenues. On an annual basis, the highest revenues are typically obtained in the fourth quarter while the lowest revenues correspond to the third quarter. Sales in Q2 and Q4 are boosted by promotional activities organized in these periods.

The sales volume is also strongly dependent on the timing of new releases in each reporting period.

Chart 9 Sales of goods and materials in the GOG.COM segment in 2020–2024 (PLN thousands)



Disclosure of external and internal factors affecting further growth of the CD PROJEKT Group

Future growth of the Company and its Group is critically dependent on the ability to retain world-class creators and specialists, and to attract a growing number of experts, both Polish and foreign, to work on the Group's future releases. Strategic directions related to talent acquisition, team development and support were presented in the [CD PROJEKT Group Sustainability Report for 2023](#).

Another important factor which may support the Group's growth is effective implementation of CD PROJEKT RED's development plans announced in October 2022 as part of the Group's [Strategy Update](#), along with further broadening of the recognizability and popularity of the Group's franchises (including via cooperation with external entities), and enriching games based on the Group's proprietary IP with multiplayer gameplay elements.

In addition to the above, the activities of CD PROJEKT Group member companies are affected by external factors such as the macroeconomic outlook, legal reforms and changes in taxation. In this sense, CD PROJEKT is in a similar position to many other companies conducting business on domestic and international markets. Given the specific nature of the gamedev industry, the growth and activities of Group member companies are also significantly affected by external changes in the scope of technologies which may assist and enhance the game development process.

In the second half of 2024 the CD PROJEKT Group intends to focus on organic growth of its business activities.

CD PROJEKT RED

Key factors which determine the growth of the CD PROJEKT RED segment include ongoing projects, the scale of development work associated with those projects and their perceived popularity among gamers. In this context, the most significant factors shaping the current results of the CD PROJEKT Group include the popularity of previously published games set in The Witcher and Cyberpunk universe. In future periods the growth prospects and earnings posted by the Group will depend on the progress and market reception of new development projects.

Regarding the upcoming quarterly periods, a particularly important area of activity covers ongoing development of previously announced projects, along with upscaling of activities carried out by the newly established CD PROJEKT RED dev team in Boston.

Another notable process at CD PROJEKT RED – in the context of the studio's development – is the ongoing deployment of Unreal Engine 5, improving the engine's support for open-world games, as well as adaptation and optimization of parts of the engine to align it with the creative underpinnings of subsequent projects, which is one of the main assumptions of the Company's strategic collaboration with Epic Games. Use of this engine should significantly streamline the game development process. The Company's agreement with Epic Games

also provides for dedicated technical support for CD PROJEKT RED releases on the part of Epic Games. Working with UE5 significantly broadens the Studio's recruitment opportunities given that Unreal Engine is familiar to many game developers.

Maintaining the observed growth dynamics of the CD PROJEKT RED segment will depend on further enhancement of its world-class videogame development skillset and on the capacity for effective communication with the global gaming community. Both aspects are crucial for Studio's ongoing transformation – labeled RED 2.0 – which aims, among others, to apply the agile methodology in the videogame development process, thereby improving product quality. Migration to a dual franchise publishing model supported by several independent, parallel projects paves the way for potential optimization of production and financial activities, increases the frequency of releases along with the associated revenues, mitigates important risk factors and makes it easier for Company employees to seek professional fulfillment.

GOG.COM

Sales in the GOG.COM segment have, in the recent years, benefitted from customers' increasing tendency to turn to online channels for purchases.

GOG.COM growth also depends on raising awareness of the platform among gamers and on seeking additional brand-new products to add to its lineup. Accordingly, GOG sp. z o.o. actively communicates with leading global developers and publishers of videogames, continually expanding its list of business partners and products offered. Each new release on GOG.COM contributes to the platform's popularity and drives up sales. Beyond adding new products, GOG sp. z o.o. also seeks to expand its user base by attracting new gamers – those who have not yet set up a GOG.COM account. During the recent years the Company has been successful in this regard, owing to its PR activities and synergies resulting from cooperation with CD PROJEKT S.A. The GOG.COM customer pool continues to grow at a steady pace.

Further growth of activities in the GOG.COM segment, including the potential to acquire unique know-how and experience, and to fully leverage the Company's technological expertise, will be influenced by development of features which support sales on the platform, including better integration of GOG GALAXY monetization mechanisms with the GOG.COM storefront, as well as increased focus on expanding the GOG.COM catalogue with classic games.

OTHER FACTORS

The growth of the CD PROJEKT Group will also be affected by development work carried out by its subsidiary – The Molasses Flood. In addition, the Boston studio is working on a separate game set in The Witcher universe, codenamed Sirius.

Disclosure of factors which, in the Issuer's opinion, will have an effect on its earnings during at least the coming quarter

The ongoing third quarter coincides with the vacation season and marks an annual low point in the intensity of marketing activities which affect sales volumes. In the current year one exception was the Steam Summer Sale, which commenced on 27 June and ended on 11 July. The Group's current release schedule foresees no new releases in the remainder of the third quarter of 2024.

Disclosure of significant agreements⁵

CD PROJEKT did not enter into any significant agreements during the reporting period.

Key threats and risks related to the remaining months of the current financial year

The CD PROJEKT Group is exposed to a range of risks, both financial and non-financial, associated with its operating activities. The goal of risk management at the Company is to ensure proper identification, assessment, analysis and further handling of risks.

Persistent external and internal risk factors which may affect the Group's activities and growth prospects, and are known to the Management Board, are described in the risk management section of the Management Board Report on CD PROJEKT Group Activities in 2023, while financial risks are detailed in the Consolidated Financial Statement of the CD PROJEKT Group for 2023. The Company perceives the risks identified therein as applicable to the remaining months of the current financial year.

⁵ An agreement is regarded as significant if the projected total value of liabilities arising under the agreement exceeds 10% of the consolidated assets of the Group.



03

RESULTS OF OPERATIONS
OF THE CD PROJEKT GROUP

Discussion of the key economic and financial figures disclosed in the consolidated financial statements

CONSOLIDATED INCOME STATEMENT

Table 3 Consolidated income statement of the CD PROJEKT Group (in PLN thousands)

	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023*	change	change %
Sales revenue	424 812	325 214	99 598	30.6%
Sales of products	342 829	238 084	104 745	44.0%
Sales of services	1 701	799	902	112.9%
Sales of goods for resale and materials	80 282	86 331	-6 049	-7.0%
Cost of sales of finished goods, services, goods for resale and materials	124 847	107 213	17 634	16.4%
Costs of products and services sold	65 684	42 701	22 983	53.8%
Cost of goods for resale and materials sold	59 163	64 512	-5 349	-8.3%
Gross profit/(loss) on sales	299 965	218 001	81 964	37.6%
Selling expenses	60 875	85 106	-24 231	-28.5%
Administrative expenses, including:	106 034	60 063	45 971	76.5%
cost of research projects	45 918	3 273	42 645	1 302.9%
Other operating income	10 396	33 708	-23 312	-69.2%
Other operating expenses	3 227	8 654	-5 427	-62.7%
(Impairment)/reversal of impairment of financial instruments	-2	4	-6	-
Operating profit/(loss)	140 223	97 890	42 333	43.2%
Finance income	43 465	51 610	-8 145	-15.8%
Finance costs	8 831	29 970	-21 139	-70.5%
Profit/(loss) before tax	174 857	119 530	55 327	46.3%
Income tax	4 851	29 311	-24 460	-83.4%
Net profit/(loss)	170 006	90 219	79 787	88.4%

*restated data

DESCRIPTION AND ASSESSMENT OF THE FACTORS AND UNUSUAL EVENTS AFFECTING THE RESULTS OF OPERATIONS OF THE CD PROJEKT GROUP IN THE FIRST HALF OF 2024

The strong sale of *Cyberpunk 2077* together with the *Phantom Liberty* expansion had the greatest impact on the results of the CD PROJEKT Group for the first half of 2024. However, the sale of *The Witcher 3: Wild Hunt* continued to be important for the Group's results.

As part of the production of games, the most important capital expenditure on research and development projects incurred during the reporting period related to the Polaris and Sirius projects, which are in the development phase, and the Orion and Canis Majoris projects, which are at an earlier phase of production, i.e. the research phase.

In the first half of 2024, there were no significant unusual events affecting the Group's results of operations.

DISCUSSION OF THE CONSOLIDATED INCOME STATEMENT OF THE CD PROJEKT GROUP BY OPERATING SEGMENT

CD PROJEKT RED segment

Table 4 Income statement of the CD PROJEKT RED segment (in PLN thousands)

	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023*	change	change %
Sales revenue	344 946	244 271	100 675	41.2%
Sales of products	339 667	236 595	103 072	43.6%
Sales of services	1 487	506	981	193.9%
Sales of goods for resale and materials	3 792	7 170	-3 378	-47.1%
Cost of sales of finished goods, services, goods for resale and materials	69 028	50 922	18 106	35.6%
Costs of products and services sold	65 689	42 725	22 964	53.7%
Cost of goods for resale and materials sold	3 339	8 197	-4 858	-59.3%
Gross profit/(loss) on sales	275 918	193 349	82 569	42.7%
Selling expenses	41 077	64 931	-23 854	-36.7%
Administrative expenses, including:	101 214	56 354	44 860	79.6%
cost of research projects	45 918	3 273	42 645	1 302.9%
Other operating income	8 991	34 089	-25 098	-73.6%
Other operating expenses	3 452	8 946	-5 494	-61.4%
(Impairment)/reversal of impairment of financial instruments	-2	4	-6	-
Operating profit/(loss)	139 164	97 211	41 953	43.2%
Finance income	39 944	50 828	-10 884	-21.4%
Finance costs	5 680	28 482	-22 802	-80.1%
Profit/(loss) before tax	173 428	119 557	53 871	45.1%
Income tax	4 597	29 189	-24 592	-84.3%
Net profit/(loss)	168 831	90 368	78 463	86.8%

*restated data

The total **Sales revenue** of the CD PROJEKT RED segment in the first half of 2024 was significantly higher than in the comparative period, mainly due to strong sales of the *Phantom Liberty*, a feature expansion of the *Cyberpunk 2077* game, following its release on 26 September 2023.

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

- royalties resulting from the sale of *Cyberpunk 2077* and the *Phantom Liberty* expansion;
- royalties resulting from the sale of *The Witcher 3: Wild Hunt* with the *Hearts of Stone* and *Blood and Wine* expansions;
- licence revenue from CD PROJEKT RED studio franchises;
- revenue related to other products of the segment.

In the first half of 2024, **Sales of services** comprised mainly revenue relating to services provided to related entities.

Sales of goods for resale and materials of the CD PROJEKT RED segment in the period discussed comprised mainly revenue from the sale of ready-made physical sets and elements of physical sets of own titles (media, boxes, figurines, gadgets) to distributors.

The most significant component of the **Cost of finished goods, services, goods for resale and materials sold** of the CD PROJEKT RED segment was the **Cost of products and services sold**, where mainly the cost of amortization of expenditure on development projects (own games manufactured) is presented. The value of the said item in the first half of 2024 and its increase compared with the corresponding comparative period was affected mainly by the amortization of expenditure on the *Cyberpunk 2077* game, including its expansion *Phantom Liberty*.

In the first half of 2024, the **Cost of sales of goods for resale and materials** contained the cost of manufacture of ready-made physical sets of own titles sold to distributors and components of these sets.

The **Cost of sales** of the CD PROJEKT RED segment in the period discussed comprised:

- costs of promotion and sales support of the CD PROJEKT RED segment, mainly those relating to the promotion of *Cyberpunk 2077*, including the *Phantom Liberty* expansion;
- costs associated with product development as part of own franchises;
costs of maintenance and updating of the CD PROJEKT RED studio games being sold, mainly those relating to *Cyberpunk 2077* and the *Phantom Liberty* expansion.

Compared with the first half of 2023, the segment reduced both the total level of promotion and sales support costs (mainly due to the absence of current and future promotional events) and the total costs of maintenance and updates of the games released.

A significant surge in **Administrative expenses** of the CD PROJEKT RED segment in the first half of 2024 is mainly due to an increased scale of work on future games in the early stages of production (the research phase, preceding the development phase and the start of their capitalization as part of **Expenditure on development** projects forming part of Non-current assets), relating primarily to the *Orion*, *Canis Majoris* and *Hadar* projects, and the work on the studio's proprietary technologies.

Moreover, the segment reports the following costs under Administrative expenses:

- fixed remuneration of the administrative teams and the external costs of third party services classified in this category which, in step with an increase in the employment levels and the scale of operations of the segment's companies, are growing gradually;
- performance-based remuneration of the management;
- the cost associated with the functioning of the Incentive Plans A and B which are based on entitlements to the Company's shares.

As regards **Other operating income and expenses**, the segment recognized mainly the revenue from utilization of the tax relief for innovative employees and from the lease of office space (and the accompanying maintenance costs) in the real estate complex located at ul. Jagiellońska 74 and 76 in Warsaw. In the comparative period, a significant and one-off impact on the value of these items came from a partial reversal of the write-down of development expenditure incurred up to the end of 2022 (in the amount of PLN 21 531 thousand) associated with determination of a new framework for the *Sirius* project being developed by The Molasses Flood studio, and the write-off of a part of the expenditure on the Project in the first quarter of 2023 (PLN 2 745 thousand).

In the first half of 2024, the CD PROJEKT RED segment showed an excess of **Finance income** over **Finance costs** higher than the one reported in the comparative period. This is mainly due to an increase in interest income on bonds.

A significantly lower **Income tax expense** recognized in the income statement for the first half of 2024 compared with the comparative period was mainly due to re-estimation of the deferred tax performed in the first quarter of the year, primarily with regard to the R&D tax relief available for utilization and an allowance for a part of the tax on licence receivables collected in other jurisdictions (the withholding tax), which was lower than in the comparative period.

The consolidated **Net profit** of the CD PROJEKT RED segment for the first half of 2024 amounted to PLN 168 831 thousand and was PLN 78 463 thousand (86.8%) higher than in the comparative period.

GOG.COM segment

Table 5 Income statement of the GOG.COM segment (in PLN thousands)

	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023*	change	change %
Sales revenue	87 669	84 522	3 147	3.7%
Sales of products	-	-	-	-
Sales of services	306	439	-133	-30.3%
Sales of goods for resale and materials	87 363	84 083	3 280	3.9%
Cost of sales of finished goods, services, goods for resale and materials	63 535	59 752	3 783	6.3%
Costs of products and services sold	-	4	-4	-100.0%
Cost of goods for resale and materials sold	63 535	59 748	3 787	6.3%
Gross profit/(loss) on sales	24 134	24 770	-636	-2.6%
Selling expenses	19 858	20 184	-326	-1.6%
Administrative expenses, including:	4 865	3 926	939	23.9%
cost of research projects	-	-	-	-
Other operating income	2 081	691	1 390	201.2%
Other operating expenses	520	629	-109	-17.3%
(Impairment)/reversal of impairment of financial instruments	-	-	-	-
Operating profit/(loss)	972	722	250	34.6%
Finance income	3 521	782	2 739	350.3%
Finance costs	3 211	1 577	1 634	103.6%
Profit/(loss) before tax	1 282	-73	1 355	-
Income tax	251	68	183	269.1%
Net profit/(loss)	1 031	-141	1 172	-

*restated data

The total **Sales revenue** of the GOG.COM segment comprises mainly **Sales of goods for resale and materials** related to the digital distribution of games from GOG.COM's external suppliers to final customers, carried out via the GOG.COM platform and the GOG GALAXY application.

Three seasonal promotions – the New Year Sale, Spring Sale and Summer Sale (taking place partly in July) had the largest impact on the development of sales of goods for resale and materials of the GOG.COM segment in the first half of 2024. During the promotions, players could choose from several thousands of products at reduced prices, such as *Cyberpunk 2077: Phantom Liberty* and *Baldur's Gate 3*.

Despite the number of new releases being lower than in the comparable period of the previous year, GOG made several popular titles available for players to purchase in the first half of 2024, such as *Manor Lords* (early access), *God of War* and two classic titles that are vital to GOG's mission: *Alpha Protocol* and the first part of *Resident Evil*. In addition, the effect of worldwide interest in the series based on the *Fallout* games was evident during the period under review, which translated into higher sales of games from this particular series.

The **Cost of sales of services, goods for resale and materials**, which accompanies sales directly, increased compared with the comparative period in line with higher revenue.

In the period discussed, **Selling expenses** of the GOG.COM segment decreased slightly compared with 2023.

Among the Selling expenses reported in the GOG.COM segment, the following items have the most significant share:

- the remuneration of the team responsible for operating, development and promotion of the GOG.COM platform, as well as maintenance and further development of the GOG GALAXY application;
- transaction costs related to the processing of payments on the GOG.COM platform;
- the costs of the ICT infrastructure related to making sales;
- the costs of the marketing activities concerning the promotion of the GOG.COM platform and games available on the platform;
- the costs of amortization, including amortization of completed development projects relating to technologies used for handling sales and serving GOG's customers.

The main components of the **Administrative expenses** of the GOG.COM segment are the remuneration of the administrative teams, remuneration of the Company's Management Board, as well as the costs of other external services classified in this category. An increase in Administrative expenses in the period discussed in relation to the comparative period was mainly due to an increase in the current costs of salaries and wages, costs relating to external advisory services, and the occurrence of one-time costs of pre-implementation analyses in connection with the planned optimization and expansion of the systems supporting financial processes.

In addition, in the period discussed, the segment recorded an increase in other operating income relating primarily to one-time revenue on integration of the GOG.COM shop with external services.

In the first half of 2024, the GOG.COM segment showed an excess of **Finance income** over **Finance costs**. Finance income comprises mainly income on forward FX hedging contracts and interest on bank deposits, whereas finance costs include mainly foreign exchange losses.

The **Net profit** of the GOG.COM segment for the first half of 2024 amounted to PLN 1 031 thousand.

Table 6 Net profitability ratio – Alternative Performance Measure

	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
	CD PROJEKT GROUP		CD PROJEKT RED		GOG.COM	
Net profit margin (Net profit / sales revenues)	40.0%	27.7%	48.9%	37.0%	1.2%	-0.2%

The Net profitability ratio presents additional information, indicating what part of Sales revenue remains within the enterprise in the form of a Net profit after covering all the costs and tax charges shown in the Income statement. An increase in the value of this ratio means an increase in the effectiveness of the activities carried out, related to the level of the Sales revenue earned. The ratio used is a standard and commonly used measure in financial analysis, and its usefulness was analysed in terms of the information provided to investors on the effectiveness of the activities of the CD PROJEKT Group and its segments.

In the first half of 2024, the Group's Net profitability ratio was 40.0% and was higher than in the corresponding period of the prior year, both on the consolidated and stand-alone basis.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE CD PROJEKT GROUP

Table 7 Consolidated statement of financial position of the CD PROJEKT Group (in PLN thousands)

	30.06.2024	31.12.2023*	change	change %
NON-CURRENT ASSETS	1 525 159	1 450 685	74 474	5.1%
Property, plant and equipment	218 287	183 038	35 249	19.3%
Intangible assets	70 969	70 058	911	1.3%
Expenditure on development projects	586 630	527 182	59 448	11.3%
Investment properties	33 482	34 245	-763	-2.2%
Goodwill	56 438	56 438	0	0.0%
Shares in non-consolidated subordinated entities	38 793	38 095	698	1.8%
Prepayments and deferred costs	37 625	41 906	-4 281	-10.2%
Other financial assets	426 048	455 907	-29 859	-6.5%
Deferred tax assets	56 481	43 433	13 048	30.0%
Other receivables	406	383	23	6.0%
CURRENT ASSETS	1 134 848	1 162 815	-27 967	-2.4%
Inventories	3 319	3 576	-257	-7.2%
Trade receivables	83 928	193 520	-109 592	-56.6%
Current income tax receivable	13 308	1 128	12 180	1 079.8%
Other receivables	60 192	57 741	2 451	4.2%
Prepayments and deferred costs	27 182	27 872	-690	-2.5%
Other financial assets	457 094	362 719	94 375	26.0%
Bank deposits over 3 months	340 845	338 205	2 640	0.8%
Cash and cash equivalents	148 980	178 054	-29 074	-16.3%
TOTAL ASSETS	2 660 007	2 613 500	46 507	1.8%

*restated data

	30.06.2024	31.12.2023*	change	change %
EQUITY	2 484 354	2 403 223	81 131	3.4%
Share capital	99 911	99 911	0	0.0%
Supplementary capital	2 069 034	1 714 604	354 430	20.7%
Share premium	116 700	116 700	0	0.0%
Other reserves	33 443	23 169	10 274	44.3%
Foreign exchange differences on translation	-440	-1 202	762	-63.4%
Retained earnings/(Accumulated losses)	-4 300	-30 797	26 497	-86.0%
Net profit (loss) for the period	170 006	480 838	-310 832	-64.6%
NON-CURRENT LIABILITIES	35 890	38 774	-2 884	-7.4%
Other financial liabilities	18 628	20 038	-1 410	-7.0%
Other liabilities	2 374	2 494	-120	-4.8%
Deferred income	1 989	2 315	-326	-14.1%
Provision for retirement and similar benefits	518	518	0	0.0%
Other provisions	12 381	13 409	-1 028	-7.7%
CURRENT LIABILITIES	139 763	171 503	-31 740	-18.5%
Other financial liabilities	3 867	6 884	-3 017	-43.8%
Trade payables	59 081	58 835	246	0.4%
Current income tax liabilities	479	462	17	3.7%
Other liabilities	10 757	15 201	-4 444	-29.2%
Deferred income	13 823	13 170	653	5.0%
Provision for retirement and similar benefits	9 428	6 743	2 685	39.8%
Other provisions	42 328	70 208	-27 880	-39.7%
TOTAL EQUITY AND LIABILITIES	2 660 007	2 613 500	46 507	1.8%

*restated data

DISCUSSION OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE CD PROJEKT GROUP

Assets

The item **Expenditure on development projects**, in which the Group recognizes expenditure on the development of new products and technologies, incurred and deferred, had the largest share in the value of the Group's **Non-current assets** as at the end of the first half of 2024, as well as the greatest impact on the increase in the balance thereof. An increase in the item discussed is mainly due to expenditure incurred by the CD PROJEKT RED segment on the production of future games in an advanced development phase (mainly *Polaris* and *Sirius*) in the amount higher than the amortization of the productions completed (mainly *Cyberpunk 2077* including the *Phantom Liberty* expansion and *The Witcher 3*).

The balance of **Property, plant and equipment** primarily consists of:

- the value of the real estate complex at ul. Jagiellońska 74 and 76, the recognized part thereof being the part to be used by CD PROJEKT S.A. for its own purposes;
- expenditure on construction work on the CD PROJEKT campus in Warsaw (Assets under construction) which contributed to an increase in the balance of the item compared with 31 December 2023;
- plant and machinery, where the Group recognizes, among other things, computers, servers and other electronic devices used in its activities;
- assets in respect of the right of use of leased office space (with the corresponding value of Other financial liabilities in respect of concluded contracts on the lease of space being recognized on the Equity and liabilities side at the same time).

The most significant items recognized in **Intangible assets** are mainly the value of the CD PROJEKT corporate brand and the *The Witcher* trademark, as well as the value of the copyright and computer software held by the Group. The value of the item did not change materially in 2024.

Goodwill is composed of amounts resulting from accounting for the merger of the parent company with the CDP Investment Group on 30 April 2010 and accounting for the acquisition of a development studio located in Wrocław by CD PROJEKT S.A. from Strange New Things sp. z o.o. sp. k. on 18 May 2018. The Goodwill reported did not change over the discussed period.

The balance of **Investment properties** consists of the values of the properties at ul. Jagiellońska 74 and ul. Jagiellońska 76, the parts thereof classified as earmarked for lease.

The value of **Shares in non-consolidated subordinated entities** comprises mainly the shares in The Molasses Flood LLC, Boston, CD PROJEKT RED Vancouver Studio Ltd. and CD PROJEKT SILVER Inc.

The value of **Inventories** as at the end of the first half of 2024 consists mainly of ready-made physical sets and elements of physical sets of the editions of games of own production intended for CD PROJEKT RED's external distributors.

The consolidated balance of **Trade receivables** decreased in the period discussed mainly due to the receipt of royalties earned in the CD PROJEKT RED segment in the fourth quarter of 2023, especially royalties for the very satisfactory first full quarter of distribution of the *Phantom Liberty* add-on to the *Cyberpunk 2077* game.

The balance of the Group's **Other receivables** as at the end of June 2024 comprises mainly receivables in respect of the withholding tax deducted by foreign recipients of the licences granted by the CD PROJEKT RED segment, VAT settlements, settlements with the Social Insurance Institution (ZUS), advances to suppliers and security deposits.

The consolidated value of the current and non-current **Prepayments and deferred costs** recognized as at the end of the analysed period and a decrease in these balances were mainly affected by the amount of the so-called minimum guarantees, i.e. advances and prepayments made by GOG.COM to its suppliers towards fees for the distribution of the games offered on the GOG.COM platform, not recognized in the income statement by the balance sheet date. In addition, the item includes, among other things, deferred fees for software, licences and rights and prepayment related to marketing activities.

The consolidated balance of current and non-current **Other financial assets** as at the end of June 2024 comprises primarily the value of domestic and foreign Treasury bonds purchased by CD PROJEKT S.A. to diversify credit risk, including the measurement of derivative financial instruments securing the value of bonds in foreign currencies.

The total value of financial reserves in the form of **Cash and cash equivalents, Bank deposits over 3 months** and liquid financial assets in the form of purchased Treasury bonds (recognized in total in current and non-current Other financial assets) held by the Group as at 30 June 2024 amounted to PLN 1 365 322 thousand and increased by PLN 55 863 thousand during the first half of 2024.

Non-current assets accounted for 57.3% and Current assets for 42.7% of the total assets of the CD PROJEKT Group as at the end of June 2024.

Equity and liabilities

As at 30 June 2024, the CD PROJEKT Group's equity amounted to PLN 2 484 354 thousand and increased by PLN 81 131 thousand compared with the end of 2023. An increase in equity due to the net profit for the first half of the year exceeded a decrease due to the payment of a dividend for 2023.

In current and non-current **Other financial liabilities**, the Group recognizes mainly liabilities in respect of the perpetual usufruct of land at the Jagiellońska 74 and Jagiellońska 76 complexes in Warsaw and liabilities in respect of the concluded agreements for the lease of office space.

The balance of the Group's **Trade payables** did not change significantly during the first half of 2024. It comprised, among other things, liabilities of the GOG.COM segment relating to payments to the providers of the service for the last sales period and the minimum guarantees contracted for new titles of the GOG.COM platform, as well as current trade payables of the CD PROJEKT RED segment.

Other liabilities as at the end of June 2024 comprised mainly the Group's liabilities in respect of VAT, social security and future services.

In **Deferred income** (current and non-current) as at the end of June 2024, the Group's segments recognized mainly:

- CD PROJEKT RED - prepayments received or due in respect of royalties related to pre-sale and sale in future periods, including the so-called minimum guarantees from publishers and distribution partners;
- GOG.COM - the value of pre-orders for games with a release date in future periods, placed by customers;
- GOG.COM - deferred income relating to the company's customers (GOG Portfolio);
- CD PROJEKT RED - deferred income concerning subsidiaries.

The balance of current and non-current **Provision for retirement and similar benefits** includes primarily a holiday pay provision in the CD PROJEKT RED segment.

A decrease in the balance of **Other provisions** (current and non-current) of the CD PROJEKT Group resulted mainly from a decrease in provisions for performance-based remuneration in the CD PROJEKT RED segment, related to the payment of bonuses for 2023 in the period discussed.

In the Equity and liabilities of the CD PROJEKT Group as at 30 June 2024, Equity represented 93.4%, whereas Current and Non-current liabilities represented 6.6%.

The consolidated statement of financial position broken down into individual business segments of the Group is contained in the *Interim condensed consolidated financial statements of the CD PROJEKT Group for the period from 1 January to 30 June 2024*.

DESCRIPTION OF THE STRUCTURE OF ASSETS AND EQUITY & LIABILITIES OF THE CONSOLIDATED BALANCE SHEET, INCLUDING FROM THE PERSPECTIVE OF LIQUIDITY

As at the end of the first half of 2024, the CD PROJEKT Group had assets with a carrying amount of PLN 2 660 007 thousand. Within these assets, liquid financial reserves maintained in bank accounts in the form of bank deposits and Treasury bonds (foreign and domestic) amounted to PLN 1 365 322 thousand and represented 51.3% of total assets. Assets with limited liquidity (Property, plant and equipment, Expenditure on development projects, Investment properties and Shares in non-consolidated subordinated entities) totalling PLN 877 192 thousand represented 33.0% of total assets. As at 30 June 2024, the total of Trade receivables, Other current receivables and Inventories amounted to PLN 147 439 thousand, whereas the total value of current and non-current liabilities amounted to PLN 175 653 thousand. As at the end of the first half of 2024, the Group did not have any external liabilities in respect of loans or borrowings.

The accumulated cash and cash equivalents, deposits and Treasury bonds ensure the Group's high liquidity and may be used to secure the financing of the Group's further development, including the financing of the development of future products and technologies, promotional support for scheduled premières, securing future investment opportunities and ensuring provisions for possible unplanned situations or emerging opportunities.

CONSOLIDATED STATEMENT OF CASH FLOWS OF THE CD PROJEKT GROUP

Table 8 Consolidated statement of cash flows of the CD PROJEKT Group (in PLN thousands)

	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023 ¹
OPERATING ACTIVITIES		
Net profit/(loss)	170 006	90 219
Total adjustments:	102 248	22 345
Depreciation and amortization of property, plant and equipment, intangible assets, expenditure on development projects and investment properties	7 082	6 611
Amortization of development projects recognized as cost of goods sold	52 735	43 213
Foreign exchange (gains)/losses	(8 176)	18 842
Interest and shares in profits	(33 912)	(25 225)
(Gains)/losses on investing activities	5 849	(43 042)
Increase/(Decrease) in provisions	(28 755)	(48 707)
(Increase)/Decrease in inventories	257	4 583
(Increase)/Decrease in receivables	106 779	78 922
Increase/(Decrease) in liabilities, excluding loans and borrowings	(17 008)	(15 429)
Change in other assets and liabilities	5 177	(8 112)
Other adjustments	12 220	10 689
Cash from operating activities	272 254	112 564
Income tax expense	966	13 351
Withholding tax paid abroad	3 885	15 960
Income tax (paid)/refunded	(26 176)	(20 276)
Net cash from operating activities	250 929	121 599
INVESTING ACTIVITIES		
Inflows	491 746	420 885
Sale of intangible assets and property, plant and equipment	167	514
Repayment of loans granted	292	-
Expiry of bank deposits over 3 months	425 613	329 970
Redemption of bonds	29 353	56 411
Interest on bonds	7 536	6 479
Interest received on deposits	15 865	17 195
Inflows from execution of forward contracts	12 784	10 273
Other inflows from investing activities	136	43

	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023*
Outflows	669 775	569 258
Acquisition of intangible assets and property, plant and equipment	36 731	29 696
Expenditure on development projects	107 139	162 616
Expenditure on intangible assets	211	380
Acquisition of investment properties and capitalization of expenditure	11	98
Loans granted	-	4 215
Purchase of shares in a subsidiary	3 170	3 515
Purchase of bonds and cost of their purchase	96 200	58 973
Placement of bank deposits over 3 months	426 313	309 765
Net cash from investing activities	(178 029)	(148 373)
FINANCING ACTIVITIES		
Inflows	9	29
Settlement of lease receivables	7	28
Interest received	2	1
Outflows	101 983	101 746
Dividends and other distributions to shareholders	99 911	99 911
Payment of lease liabilities	1 662	1 441
Interest paid	410	394
Net cash used in financing activities	(101 974)	(101 717)
Net increase/(decrease) in cash and cash equivalents	(29 074)	(128 491)
Change in cash and cash equivalents in the balance sheet	(29 074)	(128 491)
Cash and cash equivalents as at the beginning of the period	178 054	277 827
Cash and cash equivalents as at the end of the period	148 980	149 336

*restated data

DISCUSSION OF THE CONSOLIDATED STATEMENT OF CASH FLOWS OF THE CD PROJEKT GROUP

Under **Operating activities** in the first half of 2024, the CD PROJEKT Group reported net cash inflows of PLN 250 929 thousand, i.e. PLN 129 330 thousand higher than in the comparative period.

The consolidated net profit was adjusted for:

- I. Non-cash items (a total increase):
 - **Amortization** and depreciation (an increase);
 - **Amortization of development projects**, recognized as the cost of sales, corresponding primarily to the amortization of expenditure on the development projects related to *Cyberpunk 2077* together with the *Phantom Liberty* expansion and The Witcher 3 edition for new generation consoles, Xbox Series XIS and PlayStation 5;
 - **Foreign exchange gains/(losses)**, a decrease resulting mainly from the measurement of foreign Treasury bonds and foreign currency deposits over 3 months;
 - **Gains/(losses) on investing activities**, an increase resulting from transactions in bonds and derivative financial instruments;
 - **Increase/(decrease) in provisions**, a decrease resulting mainly from a decrease in the balance of provisions for performance-based remuneration;
 - **Other adjustments**, an increase resulting mainly from the elimination of the accounting for costs of the incentive plans and adjustments to amortization/depreciation recognized in the cost of sales and in other operating expenses;

- II. Items related to changes in current assets and current liabilities (a total increase):
 - **(Increase)/decrease in inventories**, an increase in the balance of cash flows as a result of a drop in inventories;
 - **(Increase)/decrease in receivables**, an increase in the balance of cash flows resulting primarily from a decrease in the balance of receivables in the CD PROJEKT RED segment, related to the inflow of royalties reported for the fourth quarter of 2023;
 - **Increase/(decrease) in liabilities, excluding loans and borrowings**, a decrease in the balance of cash flows in consequence of a decrease in the balance of the Group's liabilities;
 - **Change in other assets and liabilities**, an increase in the balance of cash flows resulting mainly from a decrease in the so-called minimum guarantees contracted by GOG.COM during the reporting period;

- III. Item recognized in other sections of the statement of cash flows – **Interest and shares in profits**, resulting in a decrease in the cash flows shown under operating activities;
- IV. Difference between the corporate income tax recognized in the income statement (a decrease) and the tax actually paid during the first half of 2024, taking into account settlements related to withholding tax.

The negative balance of **Net cash outflows on investing activities** in the first half of 2024 was mainly due to outflows related to capital expenditure on assets, including primarily **Expenditure on development projects** (i.e. the work on new games) and **Property, plant and equipment**, as well as the negative balance of net cash outflows related to bank deposits and Treasury bonds.

Negative **Net cash from financing activities** of the CD PROJEKT Group in the first half of 2024 was mainly due to the payment of a dividend (PLN 99 911 thousand) for 2023.

In total, in the first half of 2024, the CD PROJEKT Group generated negative **Net cash outflows** of PLN 29 074 thousand, while at the same time it invested PLN 143 870 thousand in assets (expenditure on development projects, property, plant and equipment and intangible assets), increased the balance of bond and bank deposits over 3 months by a total of PLN 84 937 thousand, and paid a dividend for 2023 to the shareholders of PLN 99 911 thousand.

INFORMATION ON LOANS AND BORROWINGS IN THE FIRST HALF OF 2024

In the reporting period, the CD PROJEKT Group did not have any external liabilities in respect of loans or borrowings.

INFORMATION ON LOANS GRANTED IN THE FIRST HALF OF 2024

In the reporting period, none of the CD PROJEKT Group companies granted any loans to non-Group entities. As at 30 June 2024, the debt resulting from a loan granted to The Molasses Flood LLC by CD PROJEKT S.A. amounted to USD 734 thousand.

INFORMATION ON SURETIES AND GUARANTEES GRANTED IN THE FIRST HALF OF 2024 AND OTHER MATERIAL OFF-BALANCE-SHEET ITEMS

Information on sureties and guarantees and other material off-balance-sheet items is presented in the *Interim condensed consolidated financial statements of the CD PROJEKT Group for the period from 1 January to 30 June 2024*.

TRANSACTIONS WITH RELATED ENTITIES

Within the activities of the CD PROJEKT Group in the first half of 2024, there were mainly the following types of transactions between related entities:

- sale of licences between CD PROJEKT S.A. and GOG sp. z o.o., The Molasses Flood LLC, as part of the activities carried out by the individual entities;
- sale relating to research and development projects involving the creation of games and technologies by CD PROJEKT RED Inc., The Molasses Flood LLC and CD PROJEKT RED Vancouver Studio Ltd. for CD PROJEKT S.A.;
- provision of services such as: accounting, human resources and payroll management, legal, financial, administrative and management services rendered mainly by CD PROJEKT S.A. to related entities;
- lease of office space by CD PROJEKT S.A. to GOG.COM sp. z o.o., and sublease of office space between The Molasses Flood LLC and CD PROJEKT RED Inc.;
- sale of CD PROJEKT RED Inc.'s services to CD PROJEKT S.A., related to the coordination of publishing and promotional activities in North America;
- a loan granted to The Molasses Flood LLC by CD PROJEKT S.A.;
- other transactions arising from current operating activities, e.g. costs of employee relocation or re-invoicing of jointly incurred costs.

Transactions between related entities are concluded on an arm's length basis as part of the normal business activities carried out by the CD PROJEKT Group entities. Detailed information about the terms and conditions of the transactions between related entities is contained in the *Interim condensed consolidated financial statements of the CD PROJEKT Group for the period from 1 January to 30 June 2024*.

EXPLANATION OF THE DIFFERENCES BETWEEN THE FINANCIAL RESULTS SHOWN IN THE SEMI-ANNUAL REPORT AND THE PREVIOUSLY PUBLISHED FORECASTS FOR A GIVEN YEAR

The CD PROJEKT Group has not published any financial forecasts, therefore, no explanations are given for the differences between the financial results shown in the report.

DESCRIPTION OF THE UTILIZATION OF ISSUE PROCEEDS BY THE COMPANY BY THE DATE OF PUBLICATION OF THE REPORT

In the period from 1 January to 30 June 2024, the Company did not issue any new shares.



04

CORPORATE GOVERNANCE

Entity contracted to audit financial statements

On 4 July 2024 the Supervisory Board of CD PROJEKT S.A., acting on advice of the Audit Committee of the Company's Supervisory Board recommending extension of the Company's contract with its licensed auditor, decided to select Grant Thornton Polska PSA with a registered office in Poznań as the entity contracted to conduct an audit and review of the separate and consolidated financial statements of the Company for 2024 and 2025.

Grant Thornton Polska PSA has also been contracted to audit the financial statement of GOG sp. z o.o.

Shareholders controlling at least 5% of the vote at the General Meeting

The Company's share capital amounts to 99 910 510 PLN, divided into 99 910 510 shares with a nominal value of 1 PLN per share. The shareholding structure is determined on the basis of formal notifications issued by shareholders who control at least 5% of the total number of votes at the General Meeting of Shareholders.

Table 9 Shareholders controlling at least 5% of the vote at the General Meeting as of the publication date of this report

Shareholder	Qty. of shares	Percentage share in share capital (%)	Number of votes controlled	Percentage share of total number of votes at the GM (%)
Marcin Iwiński	12 873 520	12.89%	12 873 520	12.89%
Michał Kiciński	9 989 363	10.00%	9 989 363	10.00%
Piotr Nielubowicz	6 858 717	6.86%	6 858 717	6.86%
Nationale-Nederlanden Powszechno Towarzystwo Emerytalne S.A. (all funds collectively)**	5 417 124	5.42%	5 417 124	5.42%
<i>incl. Nationale-Nederlanden Otwarty Fundusz Emerytalny**</i>	5 030 225	5.03%	5 030 22	5.03%

* As disclosed in the most recent [notification](#) submitted to the Company on 13 November 2023

** As disclosed in the most recent [notification](#) submitted to the Company on 12 August 2024

Changes in ownership of major packages of Company stock since the publication of the previous periodic report

According to notifications filed with the Company, the only changes in ownership of major stock packages occurring since the publication of the previous periodic report concern shares and votes controlled by investment funds managed by Nationale-Nederlanden Powszechna Towarzystwo Emerytalne S.A., including Nationale-Nederlanden Otwarty Fundusz Emerytalny, as well as by The Goldman Sachs Group, Inc.

The Goldman Sachs Group, Inc.

During the reporting period the Company received four notifications concerning changes in ownership of stock and control of votes by funds managed by The Goldman Sachs Group, Inc.

According to the [notification](#) received on 8 August 2024, the total percentage share of votes controlled by The Goldman Sachs Group Inc. from indirectly held shares and other financial instruments as of 5 August 2024 was 5.02%, including 3.52% of votes linked to other financial instruments (securities on loan and swap contracts).

According to the [notification](#) received on 19 August 2024, the total percentage share of votes controlled by The Goldman Sachs Group Inc. from indirectly held shares and other financial instruments had dropped below the 5% threshold, to 4.97%, on 14 August 2024, and subsequently, according to another [notification](#) received on 20 August, again exceeded the 5% threshold on 15 August (rising to 5.09%, which includes 3.97% of votes linked to other financial instruments, i.e. securities on loan and swap contracts).

According to the most recent [notification](#), received on 22 August 2024, the total percentage share of votes controlled by The Goldman Sachs Group Inc. from indirectly held shares and other financial instruments had again dropped below the 5% threshold (to 4.59%) on 19 August.

Nationale-Nederlanden Powszechna Towarzystwo Emerytalne S.A. / Nationale-Nederlanden Otwarty Fundusz Emerytalny

During the reporting period the Company received two notifications from concerning changes in ownership of stock and control of votes by funds managed by Nationale-Nederlanden Powszechna Towarzystwo Emerytalne S.A., including Nationale-Nederlanden Otwarty Fundusz Emerytalny.

According to a [notification](#) filed on 11 July 2024 the total number of shares held and votes controlled by funds managed by Nationale-Nederlanden Powszechna Towarzystwo Emerytalne S.A. increased from 4 986 246 (i.e. 4.991% of the total number of votes) to 5 026 246 (i.e. 5.031% of the total number of votes).

According to a [notification](#) filed on 12 August 2024 Nationale-Nederlanden Otwarty Fundusz Emerytalny increased the number of Company shares in its possession and votes under its control to 5 030 225, which corresponds to 5.0347% of the total number of votes. As a result of the aforementioned transaction, the total number of shares held and votes controlled by funds managed by Nationale-Nederlanden Powszechna Towarzystwo Emerytalne S.A. (including shares and votes controlled by Nationale-Nederlanden Otwarty Fundusz Emerytalny) increased to 5 417 124, which corresponds to 5.4220% of the total number of votes.

The shareholding structure arising as a result of the above-mentioned notifications is presented in the above table.

Agreements which may result in changes in the proportions of shares held by shareholders and bondholders

INCENTIVE PROGRAMS FOR 2023–2027

On 18 April 2023 the General Meeting of the Company voted to institute two new incentive programs for the financial years 2023–2027 replacing the 2020–2025 incentive program: Incentive Program A and Incentive Program B respectively.

Incentive Program A

Incentive Program A is aimed at persons who are not members of the Company's Management Board. According to the adopted provisions, entitlements will be assigned under this program in each financial year belonging to the 2023–2027 period (i.e. in five stages). The total number of entitlements assigned under Incentive Program A may not exceed 1,500,000. Entitlements shall vest either by: **(I)** extending an offer to participants to claim subscription warrants which incorporate the right to take up the equivalent number of shares issued in the framework of a conditional increase in the Company share capital, or **(II)** extending an offer to participants to purchase from the Company a certain number of own shares which the Company will have previously acquired in the framework of a buy-back program instituted specifically for this purpose. The take-up and exercise of subscription warrants or purchase of own shares from the Company, as appropriate, will require participants to fulfill the loyalty condition (which is defined as the existence of a legal relationship between the participant of Incentive Program A and the Company or an affiliate thereof throughout the vesting period). The share take-up or purchase price in the exercise of entitlements assigned under Incentive Program A will be equivalent to the nominal price of Company shares. In each case, the vesting period is at least 3 years long.

As of the publication date of this report:

- I)** 100 444 entitlements have been assigned at the first stage of Incentive Program A (in 2023), 92 197 of which remain outstanding;
- II)** 183 189 entitlements have been assigned at the second stage of Incentive Program A (in 2024), 177 513 of which remain outstanding.

Incentive Program B

Incentive Program B is aimed at members of the Company's Management Board as well as persons who do not hold membership of the Management Board. According to the adopted provisions, entitlements will be assigned under this program in each financial year belonging to the 2023–2027 period (i.e. in five stages). The total number of entitlements assigned under Incentive Program B may not exceed 3,500,000. Entitlements shall vest either by: (I) extending an offer to participants to claim subscription warrants which incorporate the right to take up the equivalent number of shares issued in the framework of a conditional increase in the Company share capital, or (II) extending an offer to participants to purchase from the Company a certain number of own shares which the Company will have previously acquired in the framework of a buy-back program instituted specifically for this purpose. The take-up and exercise of subscription warrants or purchase of own shares from the Company, as appropriate, will depend on confirmation by the Company of the fulfillment of the earnings condition (for 70% of entitlements), the market condition (for 30% of entitlements), certain individual conditions applied on a case-by-case basis, as well as – in all cases – the loyalty condition (which is defined as the existence of a legal relationship between the participant of Incentive Program B and the Company or an affiliate thereof throughout the vesting period). The base share take-up or purchase price in the exercise of entitlements assigned under Incentive Program B will be equivalent to the closing price of Company stock on the last trading day preceding the adoption of a resolution enrolling the given participant in the program. The program provides for a potential reduction in the take-up or purchase price coupled with a proportional reduction in the number of entitlements exercisable by the given participant. The base vesting period is equivalent to four consecutive financial years beginning with the year during which the given stage of the program began (with an option to shorten the vesting period to 3 years for entitlements linked to the earnings condition, should the four-year earnings target be met within the corresponding three-year period).

As of the publication date of this report:

- I) 662 000 entitlements have been assigned at the first stage of Incentive Program B (in 2023), 656 000 of which remain outstanding;
- II) 723 500 entitlements have been assigned at the second stage of Incentive Program B (in 2024), all of which remain outstanding.

Earnings condition – applicable to 70% of entitlements assigned during each stage of Incentive Program B

The earnings condition is considered fulfilled if, during the given vesting period, the CD PROJEKT Group posts sufficient earnings, which are defined as the consolidated net profit from continuing activities aggregated with the costs of estimating entitlements assigned during the given stage of Incentive Program B as entered in the accounting records of CD PROJEKT Group member entities. For entitlements assigned during the first stage of Incentive Program B (in the financial year 2023) the earnings condition for the years 2023–2026 is 2 billion PLN, while for entitlement assigned during the second stage of Incentive Program B (in the financial year 2024) the earnings condition for the years 2024–2027 is 3 billion PLN.

For each subsequent stage of Incentive Program B, associated with the financial years 2025, 2026 and 2027 respectively, the corresponding four-year earnings condition will, in each case, be determined by the General Meeting in the form of a resolution (on the Management Board's request).

Market condition – applicable to 30% of entitlements assigned during each stage of Incentive Program B

The market condition is defined as a change in the price of Company stock on the Warsaw Stock Exchange in such a way that the percentage difference between the closing price of Company stock on the final trading session of the final year subject to verification in the context of the above-mentioned earnings condition compared to the closing price of Company stock on the final trading session of the year preceding the year covered by the given stage of Incentive Program B is equal to or greater than the corresponding percentage change in the value of the WIG index increased by 10 percentage points over the same period.

Disclosure of the control system of employee share programs

The share-based incentive programs in force as of the publication date of this report, i.e. Incentive Program A and Incentive Program B for the years 2023–2027 were introduced by the General Meeting of the Company on 18 April 2023. Detailed regulations applicable to these programs were adopted by the Management Board of the Company on 21 May 2023 and subsequently approved by the Supervisory Board on 23 May 2023. The full wording of these regulations is available on the [Company's corporate website](#).

Implementation of both programs is overseen by the Supervisory Board and the Management Board of CD PROJEKT S.A.

Disclosure of the purchase and redemption of own shares

The Company did not purchase any own shares during the reporting period.

Company shares held by members of the Management Board and the Supervisory Board

Table 10 Shares held by members of the Management Board and Supervisory Board of the Company*

Name	Position	as of 28.08.2024	as of 30.06.2024	as of 31.12.2023
Adam Kiciński	Management Board Member, Chief Strategy Officer	4 046 001	4 046 001	4 046 001
Piotr Nielubowicz	Management Board Member, Chief Financial Officer	6 858 717	6 858 717	6 858 717
Adam Badowski	Management Board Member, Joint Chief Executive Officer	692 640	692 640	692 640
Michał Nowakowski	Management Board Member, Joint Chief Executive Officer	530 290	530 290	580 290
Piotr Karwowski	Management Board Member, Joint Chief Operating Officer	108 728	108 728	108 728
Paweł Zawodny	Management Board Member, Joint Chief Operating Officer	18 508	18 508	18 508
Marcin Iwiński	Chairperson of the Supervisory Board	12 873 520	12 873 520	12 873 520
Katarzyna Szwarc	Deputy Chairperson of the Supervisory Board	10	10	10
Maciej Nielubowicz	Supervisory Board Member	51	51	51

*based on declarations and notifications filed with the Company

Persons discharging managerial and executive responsibilities at CD PROJEKT S.A. do not directly hold any shares of CD PROJEKT S.A. subsidiaries which are members of the CD PROJEKT Group.

Management structure

In line with legal requirements stemming from the Code of Commercial Companies, official bodies of the Company include, in addition to the General Meeting of Shareholders, the Management Board and the Supervisory Board.

Composition of the Management Board of CD PROJEKT S.A.



Michał Nowakowski – Joint Chief Executive Officer, Member of the Board

Jointly-responsible for the company's long term vision, coordinates the company's activities and its management. In particular responsible for the Company's business strategy and effective sales policy. Supports development of new product lines and manages the Company's back catalog (franchise flywheel). Shapes long-term business relations with key partners. Represents company in relation with the investors.

Directly supervises the following:

Business development | Comic Book and Animation narrative | Investor Relations



Adam Badowski – Joint Chief Executive Officer, Member of the Board

Jointly-responsible for the company's long term vision, coordinating the company's activities and its management. In particular responsible for the Company's creative vision, and for managing, developing and maintaining the Company's creative teams. Develops and defines the unique image and style which distinguish the Company and its products on the market.

Directly supervises the following:

Game direction | Story | Global Art | Audio & Music | Localization & English adaptation

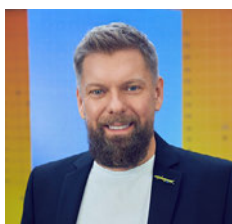


Adam Kiciński – Chief Strategy Officer, Member of the Board

Responsible for the Company's strategy and for its implementation.

Directly supervises the following:

Strategy



Piotr Nielubowicz – Chief Financial Officer, Member of the Board

Responsible for the Company's financial strategy, and for financial and non-financial reporting and legal area. Oversees strategic corporate projects, key investments and Company's climate and environmental policy.

Directly supervises the following:

Finance | Accounting | Taxes | Legal



Piotr Karwowski – Joint Chief Operating Officer, Member of the Board

Responsible for the Company's game development processes and optimization of its operational capabilities, including in-house production, external games development and management of the Group's studios. Additionally oversees development of online and user experience competencies.

Directly supervises the following:

Game production | Studio operations | IT & Security | Online | UX



Paweł Zawodny – Joint Chief Operating Officer, Member of the Board

Responsible for shaping the Company's tech strategy and optimization of its operational capabilities. Plays a pivotal role in driving both the technological and organizational transformation of CD PROJEKT RED. Oversees the Company's activities in the scope of employment, talent management and work methodology, ensuring they are aligned with the Company's broader transformation objectives.

Directly supervises the following:

HR | Culture, Diversity & Inclusion | Technologies (including R&D)



Jeremiah Cohn – Chief Marketing Officer, Member of the Board

Responsible for the Company's global marketing strategy, product communication and branding in support of franchise development. Oversees efforts to build recognition of the Company, its IP, and product releases by shaping engagement with fans and the gamers community.

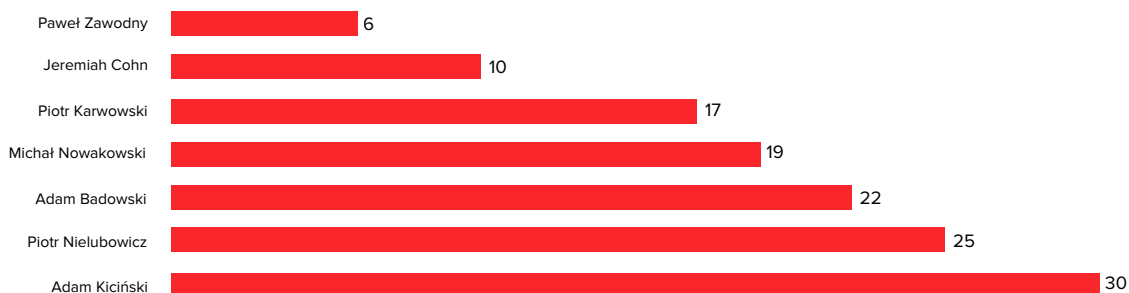
Directly supervises the following:

Marketing | PR | Franchises

The Management Board manages all Company matters which are not otherwise reserved to the General Meeting and the Supervisory Board. In particular, the Management Board:

- works to ensure that Company matters are managed in a clear and effective manner, and in compliance with the applicable laws;
- determines the Company's strategy and its main business objectives, and is responsible for ensuring implementation thereof;
- manages Company matters and represents the Company in courts of law and otherwise;
- exercises due diligence in the decision-making process, acts within the boundaries of acceptable risk, and remains loyal to the Company.

Chart 10 Tenure of incumbent members of the Management Board as employees at the Group's member companies (in years)



Changes in the composition of the Management Board of CD PROJEKT S.A.

Since 1 January 2023 the Management Board of the Company consists of seven Members. No changes in the composition of the Management Board occurred during the reporting period and up until the publication date of this report.

The following changes in the description of roles and names of positions held by Members of the Management Board took effect on 1 January 2024:

- since 1 January 2024 Adam Kiciński holds the position of Chief Strategy Officer (CSO);
- the position of Chief Executive Officer (CEO) is held jointly by Adam Badowski and Michał Nowakowski. Both Adam Badowski and Michał Nowakowski officially introduce themselves as Joint Chief Executive Officers (Joint CEO).

Composition of the Supervisory Board and Audit Committee of CD PROJEKT S.A.

The following persons are incumbent Members of the Supervisory Board of CD PROJEKT S.A.:



Marcin Iwiński
CHAIRPERSON
OF THE SUPERVISORY
BOARD



Katarzyna Szwarc
DEPUTY CHAIRPERSON
OF THE SUPERVISORY
BOARD



Maciej Nielubowicz
SECRETARY
OF THE SUPERVISORY
BOARD

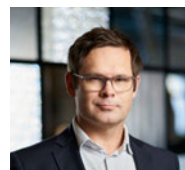


Michał Bień
MEMBER
OF THE SUPERVISORY
BOARD
INDEPENDENT MEMBER



Jan Łukasz Wejchert
MEMBER
OF THE SUPERVISORY
BOARD
INDEPENDENT MEMBER

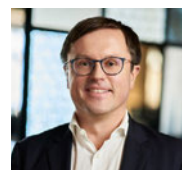
The Audit Committee is composed of the following members:



Michał Bień
CHAIRPERSON
OF THE AUDIT
COMMITTEE



Maciej Nielubowicz
MEMBER
OF THE AUDIT
COMMITTEE



Jan Łukasz Wejchert
MEMBER
OF THE AUDIT
COMMITTEE

Changes in the composition of the Supervisory Board and Audit Committee of CD PROJEKT S.A.

No changes in the composition of the Supervisory Board and Audit Committee of the Company occurred during the reporting period and up until the publication date of this report.

Disclosure of retirement benefits and similar compensation payable to former members of the Issuer's executive, supervisory or administrative bodies, and of any liabilities associated with such benefits, specifying the aggregate amounts for each category of recipients

As of 30 June 2024 and as of the preparation date of this report the Company had no such liabilities.

Agreements between the Issuer and members of its managing bodies concerning compensation in the event of their resignation or dismissal, including dismissal or recall as a result of a merger

As of 30 June 2024 and as of the preparation date of this report there were no provisions in force regulating compensation in the event of resignation or dismissal of members of the Company's Management Board, including when their dismissal or recall is due to a merger involving the Company.

Changes in basic management practices at the Company and its Group

No significant changes in basic management policies affecting the Company and its Group occurred in the first half of 2024.

Applicable corporate governance policies

CD PROJEKT S.A. is subject to corporate governance policies set forth in the 2021 Code of Best Practice for WSE Listed Companies (annexed to Stock Exchange Council resolution of 13/1834/2021 of 29 March 2021).

Information regarding application of policies contained in the 2021 Code of Best Practice for WSE Listed Companies is available on our website under the [Corporate Governance](#) tab. Our statement regarding application of corporate governance policies in 2023 is part of the [Management Board Report on CD PROJEKT Group Activities for the Period Between 1 January and 31 December 2023](#).

Disclosure of significant legal proceedings

The following legal proceedings took place during the reporting period (the presented status is valid for the publication date of this report):

CRIMINAL PROCEEDINGS IN WHICH CD PROJEKT S.A. IS RECOGNIZED AS THE VICTIM

Case against natural persons (including former members of the Management Board of Optimus S.A.)

In case no. XVIII K 126/09, following indictment filed by the District Attorney in the District Court for the City of Warsaw, on 27 October 2016 the District Court convicted Mr. Michał L., Mr. Piotr L. and Mr. Michał D. of violating sections 296 §1, 296 §3 and others of the Penal Code. The Company acted as an auxiliary prosecutor in the court of first instance and will retain this status until the trial has concluded. Having found the defendants guilty, the Court awarded the Company 210 thousand PLN in damages under Art. 46 of the Penal Code. According to the operative part of the judgement total losses sustained by the Company as a result of the defendants' actions were estimated at not less than 16 million PLN (this figure follows from standard regulations applicable to criminal trials). The Company subsequently filed an appeal against the judgment, contesting, among others, the amount of damages awarded to the Company. An appeal against the full judgement was also filed by the defendants' attorneys. On 26 October 2017 the Appellate Court vacated the judgment of the court of first instance and remanded the case to be retried in full. The District Court for the City of Warsaw subsequently filed the case under no. XVIII K 316/17. The parent company continues to act in the capacity of an auxiliary prosecutor.

LITIGATION INVOLVING THE COMPANY'S SUBSIDIARIES

Case brought by GOG sp. z o.o. before the District Administrative Court in Kraków

On 19 August 2022 the Head of the Małopolska Customs and Tax Office in Kraków issued a decision with regard to corporate tax liabilities incurred by GOG sp. z o.o., a subsidiary of the Company, in 2016. The Management Board of GOG sp. z o.o. discharged the liability arising under the aforementioned decision, which, as of the payment date, amounted to 2 638 thousand PLN. Nevertheless, given its disagreement with the assessment presented by the tax authority, it appealed the decision on 5 September 2022.

On 22 May 2023 the Head of the Małopolska Customs and Tax Office in Kraków, who also performs the function of the appeal body in this case, issued a decision upholding the contested decision. On 4 July 2023, given its continuing disagreement with the position expressed by the tax authority, the Management Board of GOG sp. z o.o. filed a complaint against the aforementioned decision in the District Administrative Court in Kraków. A trial was held before the District Administrative Court in Kraków on 3 October 2023, as a result of which the Court issued an injunction repealing the decisions of the Head of the Małopolska Customs and Tax Office in Kraków of 19 August 2022 and 22 May 2023, and ordering that the matter be processed anew.

On 29 May 2024 the Head of the Małopolska Customs and Tax office in Kraków issued a new decision in which the corporate tax liabilities due for 2016 were lowered by 116 226 PLN compared to the original decision of 19 August 2022. On 26 June 2024 the Management Board of GOG sp. z o.o., given its continuing disagreement with the tax authority's decision, filed a complaint thereagainst with the Director of the Fiscal Administration Authority in Kraków. As of the publication date of this report GOG sp. z o.o. has not received a reply to this complaint, and the matter remains at the administrative appeal stage.

On 25 June 2024, in light of the injunction issued by the District Administrative Court in Kraków, GOG sp. z o.o. was reimbursed 2 578 500 PLN by the First Mazovian Tax Office in Warsaw.

MANAGEMENT BOARD STATEMENT

Pursuant to the Finance Minister's ordinance of 29 March 2018 concerning current and periodic information to be published by issuers of securities, and conditions for regarding as equivalent the information required by the laws of a non-member state the Management Board hereby declares that, to the best of its knowledge, this semiannual report on activities of the CD PROJEKT Group presents an accurate description of the development, achievements and condition of the CD PROJEKT Group, including basic threats and risks applicable thereto.



Michał Nowakowski
Joint Chief Executive Officer,
Management Board Member



Adam Badowski
Joint Chief Executive Officer,
Management Board Member



Adam Kiciński
Chief Strategy Officer,
Management Board Member



Piotr Nielubowicz
Chief Financial Officer,
Management Board Member



Piotr Karwowski
Joint Chief Operating Officer,
Management Board Member



Paweł Zawodny
Joint Chief Operating Officer,
Management Board Member



Jeremiah Cohn
Chief Marketing Officer,
Management Board Member



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