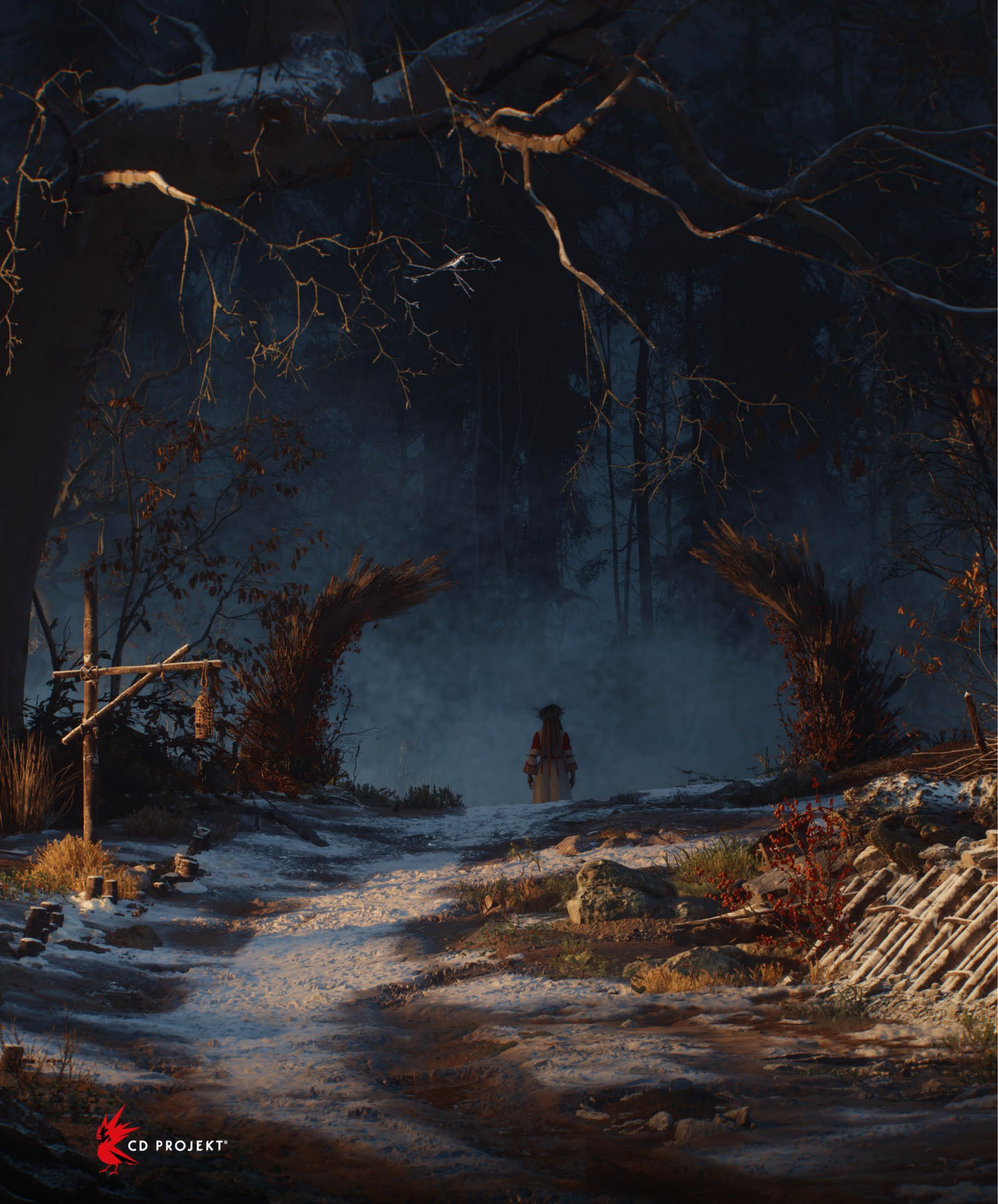


CD PROJEKT®

# SEPARATE FINANCIAL STATEMENTS OF CD PROJEKT S.A. FOR 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.*

## Selected financial data translated into EUR

| | PLN | | EUR | |
|---|---|---|---|---|
| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
| Net sales of products, services, goods for resale and materials | 799 593 | 1 036 542 | 185 770 | 228 898 |
| Cost of sales of products, services, goods for resale and materials | 119 738 | 253 818 | 27 819 | 56 050 |
| Operating profit/(loss) | 367 325 | 458 637 | 85 341 | 101 280 |
| Profit/(loss) before tax | 430 170 | 530 862 | 99 942 | 117 229 |
| Net profit/(loss) attributable to owners of CD PROJEKT S.A. | 470 674 | 474 705 | 109 352 | 104 828 |
| Net cash from operating activities | 506 553 | 598 627 | 117 688 | 132 194 |
| Net cash from investing activities | (468 019) | (603 468) | (108 735) | (133 263) |
| Net cash from financing activities | (103 149) | (102 749) | (23 965) | (22 690) |
| Net increase/(decrease) in cash and cash equivalents | (64 615) | (107 590) | (15 012) | (23 759) |
| Number of shares (in thousands) | 99 911 | 100 269 | 99 911 | 100 269 |
| Net earnings/(loss) per share (in PLN) | 4.71 | 4.73 | 1.09 | 1.05 |
| Diluted earnings/(loss) per share (in PLN/EUR) | 4.68 | 4.73 | 1.09 | 1.05 |
| Book value per share (in PLN/EUR) | 27.66 | 23.61 | 6.47 | 5.43 |
| Diluted book value per share (in PLN/EUR) | 27.50 | 23.60 | 6.44 | 5.43 |
| Dividend declared or paid per share (in PLN/EUR) | 1.00 | 1.00 | 0.23 | 0.22 |

| | PLN | | EUR | |
|---|---|---|---|---|
| | 31.12.2024 | 31.12.2023 | 31.12.2024 | 31.12.2023 |
| Total assets | 2 953 941 | 2 517 921 | 691 304 | 579 099 |
| Liabilities and provisions for liabilities (excluding accruals) | 180 072 | 141 864 | 42 142 | 32 627 |
| Non-current liabilities | 21 506 | 37 094 | 5 033 | 8 531 |
| Current liabilities | 168 971 | 113 972 | 39 544 | 26 213 |
| Equity | 2 763 464 | 2 366 855 | 646 727 | 544 355 |
| Share capital | 99 911 | 99 911 | 23 382 | 22 979 |

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

- Items of the separate income statement and the separate statement of cash flows were translated at exchange rates calculated as an arithmetic mean of the mid exchange rates announced by the National Bank of Poland for the euro applicable as at the last day of each month in a given reporting period. These rates were, respectively, as follows: from 1 January to 31 December 2024: 4.3042 PLN/EUR and from 1 January to 31 December 2023: 4.5284 PLN/EUR.

- Items of assets, equity and liabilities in the separate statement of financial position were translated at exchange rates announced by the National Bank of Poland for the euro applicable on the last day of the reporting period. These rates were, respectively, as follows: 4.273 PLN/EUR as at 31 December 2024 and 4.348 PLN/EUR as at 31 December 2023.

# Table of contents

# Key financial data of CD PROJEKT S.A.

# 1

# Income statement

| | Note | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023* |
|---|---|---|---|
| **Sales revenue** | | **799 593** | **1 036 542** |
| Sales of products | 1 | 790 687 | 1 023 626 |
| Sales of services | 1 | 1 231 | 413 |
| Sales of goods for resale and materials | 1 | 7 675 | 12 503 |
| **Cost of sales of products, services, goods for resale and materials** | | **119 738** | **253 818** |
| Costs of products and services sold | 3 | 111 664 | 240 201 |
| Cost of goods for resale and materials sold | 3 | 8 074 | 13 617 |
| **Gross profit/(loss) on sales** | | **679 855** | **782 724** |
| Selling expenses | 3 | 96 936 | 201 124 |
| Total administrative expenses, including: | 3 | 227 857 | 155 812 |
| cost of research projects | 3 | 79 145 | 20 002 |
| Other operating income | 1,4 | 27 508 | 52 029 |
| Other operating expenses | 4 | 15 207 | 19 187 |
| (Impairment)/reversal of impairment of financial instruments | | (38) | 7 |
| **Operating profit/(loss)** | | **367 325** | **458 637** |
| Finance income | 1,5 | 76 974 | 117 621 |
| Finance costs | 5 | 14 129 | 45 396 |
| **Profit/(loss) before tax** | | **430 170** | **530 862** |
| Income tax | 6 | (40 504) | 56 157 |
| **Net profit/(loss)** | | **470 674** | **474 705** |
| **Net earnings/(loss) per share (in PLN)** | | | |
| Basic for the reporting period | 8 | 4.71 | 4.73 |
| Diluted for the reporting period | 8 | 4.68 | 4.73 |

** restated data*

# Statement of comprehensive income

| | Note | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|---|
| **Net profit/(loss)** | | **470 674** | **474 705** |
| **Other comprehensive income subject to reclassification to gains or losses after specific conditions have been met** | **10** | **2 271** | **4 138** |
| Measurement of derivative financial instruments - fair value through other comprehensive income, taking into account the tax effect | | 2 271 | 4 138 |
| **Other comprehensive income not subject to reclassification to gains or losses** | **10** | **-** | **-** |
| **Total comprehensive income** | | **472 945** | **478 843** |

(all amounts in PLN thousand, unless stated otherwise)

# Statement of financial position

| | Note | 31.12.2024 | 31.12.2023 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | **1 558 149** | **1 416 032** |
| Property, plant and equipment | 11 | 258 426 | 179 132 |
| Intangible assets | 12 | 66 712 | 68 867 |
| Expenditure on development projects | 12 | 692 726 | 524 472 |
| Investment properties | 14 | 31 606 | 34 245 |
| Goodwill | 12,13 | 49 168 | 49 168 |
| Investments in subordinated entities | 15,37 | 63 473 | 57 229 |
| Prepayments and deferred costs | 20 | 3 770 | 4 913 |
| Other financial assets | 16,37 | 292 137 | 455 907 |
| Deferred tax assets | 6 | 99 731 | 41 723 |
| Other receivables | 19,37 | 400 | 376 |
| **CURRENT ASSETS** | | **1 395 792** | **1 101 889** |
| Inventories | 17 | 1 802 | 3 576 |
| Trade receivables | 18,37 | 167 893 | 204 658 |
| Current income tax receivable | | 15 170 | 1 069 |
| Other receivables | 19 | 72 435 | 52 031 |
| Prepayments and deferred costs | 20 | 10 614 | 10 148 |
| Other financial assets | 16,37 | 540 486 | 362 719 |
| Bank deposits over 3 months | 37 | 522 524 | 338 205 |
| Cash and cash equivalents | 21,37 | 64 868 | 129 483 |
| **TOTAL ASSETS** | | **2 953 941** | **2 517 921** |

(all amounts in PLN thousand, unless stated otherwise)

| | Note | 31.12.2024 | 31.12.2023 |
|---|---|---|---|
| **EQUITY** | | **2 763 464** | **2 366 855** |
| Share capital | 22 | 99 911 | 99 911 |
| Supplementary capital | 24 | 2 025 642 | 1 681 466 |
| Share premium | 24 | 116 700 | 116 700 |
| Other reserves | 25 | 50 537 | 24 691 |
| Retained earnings/(Accumulated losses) | 25 | - | (30 618) |
| Net profit (loss) for the period | | 470 674 | 474 705 |
| **NON-CURRENT LIABILITIES** | | **21 506** | **37 094** |
| Other financial liabilities | 27,33,37 | 16 740 | 18 379 |
| Other liabilities | 28 | 2 274 | 2 494 |
| Deferred income | 34 | 1 665 | 2 315 |
| Provision for retirement and similar benefits | 35 | 827 | 497 |
| Other provisions | 36 | - | 13 409 |
| **CURRENT LIABILITIES** | | **168 971** | **113 972** |
| Other financial liabilities | 27,33,37 | 11 608 | 2 579 |
| Trade payables | 29,37 | 39 780 | 26 400 |
| Other liabilities | 30 | 5 807 | 7 099 |
| Deferred income | 34 | 8 740 | 6 887 |
| Provision for retirement and similar benefits | 35 | 6 914 | 6 414 |
| Other provisions | 36 | 96 122 | 64 593 |
| **TOTAL EQUITY AND LIABILITIES** | | **2 953 941** | **2 517 921** |

(all amounts in PLN thousand, unless stated otherwise)

# Statement of changes in equity

| | Share capital | Supplementary capital | Share premium | Treasury shares | Other reserves | Retained earnings / (Accumulated losses) | Net profit (loss) for the period | Total equity |
|---|---|---|---|---|---|---|---|---|
| **01.01.2024 – 31.12.2024** | | | | | | | | |
| **Equity as at 01.01.2024** | **99 911** | **1 681 466** | **116 700** | **-** | **24 691** | **444 087** | **-** | **2 366 855** |
| Costs of the incentive plan | - | - | - | - | 23 575 | - | - | 23 575 |
| Payment of dividend | - | - | - | - | - | (99 911) | - | (99 911) |
| Appropriation of the net profit/ offset of loss | - | 344 176 | - | - | - | (344 176) | - | - |
| Total comprehensive income | - | - | - | - | 2 271 | - | 470 674 | 472 945 |
| **Equity as at 31.12.2024** | **99 911** | **2 025 642** | **116 700** | **-** | **50 537** | **-** | **470 674** | **2 763 464** |

(all amounts in PLN thousand, unless stated otherwise)

| | Share capital | Supplementary capital | Share premium | Treasury shares | Other reserves | Retained earnings / (Accumulated losses) | Net profit (loss) for the period | Total equity |
|---|---|---|---|---|---|---|---|---|
| **01.01.2023 – 31.12.2023** | | | | | | | | |
| **Equity as at 01.01.2023** | **100 771** | **1 539 437** | **116 700** | **(99 993)** | **3 777** | **341 073** | **-** | **2 001 765** |
| Corrections of errors | - | - | - | - | - | (1 938) | - | (1 938) |
| **Equity, as adjusted** | **100 771** | **1 539 437** | **116 700** | **(99 993)** | **3 777** | **339 135** | **-** | **1 999 827** |
| Costs of the incentive plan | - | - | - | - | 16 776 | - | - | 16 776 |
| Redemption of Treasury shares | (860) | (99 133) | - | 99 993 | - | - | - | - |
| Retained earnings/(Accumulated losses) of the acquired entity | - | - | - | - | - | (28 680) | - | (28 680) |
| Payment of dividend | - | - | - | - | - | (99 911) | - | (99 911) |
| Appropriation of the net profit/ offset of loss | - | 241 162 | - | - | - | (241 162) | - | - |
| Total comprehensive income | - | - | - | - | 4 138 | - | 474 705 | 478 843 |
| **Equity as at 31.12.2023** | **99 911** | **1 681 466** | **116 700** | **-** | **24 691** | **(30 618)** | **474 705** | **2 366 855** |

(all amounts in PLN thousand, unless stated otherwise)

# Statement of cash flows

| | Note | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| **Net profit/(loss)** | | **470 674** | **474 705** |
| **Total adjustments:** | **47** | **94 212** | **86 120** |
| Depreciation and amortization of property, plant and equipment, intangible assets, expenditure on development projects and investment properties | | 12 148 | 12 340 |
| Amortization of development projects recognized as cost of goods sold | | 105 486 | 231 122 |
| Foreign exchange (gains)/losses | | (16 204) | 28 089 |
| Interest and shares in profits | | (62 169) | (46 396) |
| (Gains)/losses on investing activities | | 18 680 | (87 855) |
| Increase/(Decrease) in provisions | | 2 195 | 6 604 |
| (Increase)/Decrease in inventories | | 1 774 | 6 310 |
| (Increase)/Decrease in receivables | | 8 722 | (67 984) |
| Increase/(Decrease) in liabilities, excluding loans and borrowings | | (1 652) | (7 337) |
| Change in other assets and liabilities | | 1 640 | (13 294) |
| Other adjustments | | 23 592 | 24 521 |
| **Cash from operating activities** | | **564 886** | **560 825** |
| Income tax expense | | (54 279) | 24 788 |
| Withholding tax paid abroad | | 13 775 | 31 369 |
| Income tax (paid)/refunded | | (17 829) | (18 355) |
| **Net cash from operating activities** | | **506 553** | **598 627** |

(all amounts in PLN thousand, unless stated otherwise)

| | Note | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|---|
| **INVESTING ACTIVITIES** | | | |
| **Inflows** | | **946 944** | **695 146** |
| Sale of intangible assets and property, plant and equipment | | 181 | 152 |
| Repayment of loans granted | | 617 | 1 662 |
| Expiry of bank deposits over 3 months | | 679 497 | 530 600 |
| Redemption of bonds | | 204 887 | 95 135 |
| Interest on bonds | | 18 047 | 13 116 |
| Interest received on deposits | | 25 500 | 27 272 |
| Inflows from execution of forward contracts | | 17 968 | 27 081 |
| Other inflows from investing activities | | 247 | 128 |
| **Outflows** | | **1 414 963** | **1 298 614** |
| Acquisition of intangible assets and property, plant and equipment | | 94 444 | 53 348 |
| Expenditure on development projects | | 248 679 | 271 175 |
| Expenditure on intangible assets | | 224 | 973 |
| Acquisition of investment properties and capitalization of expenditure | | 22 | 122 |
| Loans granted | | - | 4 215 |
| Purchase of shares in a subsidiary | | - | 440 |
| Contribution to the capital of a subsidiary | | 3 193 | 7 704 |
| Placement of bank deposits over 3 months | | 860 492 | 531 475 |
| Purchase of private equity interests in the gaming sector | | 1 298 | 1 467 |
| Purchase of bonds and cost of their purchase | | 206 611 | 427 695 |
| **Net cash from investing activities** | | **(468 019)** | **(603 468)** |
| **FINANCING ACTIVITIES** | | | |
| **Inflows** | | **23** | **32** |
| Settlement of lease receivables | | 19 | 31 |
| Interest received | | 4 | 1 |
| **Outflows** | | **103 172** | **102 781** |
| Dividends and other distributions to shareholders | | 99 911 | 99 911 |
| Payment of lease liabilities | | 2 557 | 2 094 |
| Interest paid | | 704 | 776 |
| **Net cash from financing activities** | **48** | **(103 149)** | **(102 749)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **(64 615)** | **(107 590)** |
| **Change in cash and cash equivalents in the balance sheet** | | **(64 615)** | **(107 590)** |
| **Cash and cash equivalents as at the beginning of the period** | | **129 483** | **237 073** |
| **Cash and cash equivalents as at the end of the period** | | **64 868** | **129 483** |

(all amounts in PLN thousand, unless stated otherwise)

# Notes to the separate financial statements

# 2

# General information

| | |
|---|---|
| Name of reporting entity: | CD PROJEKT S.A.<br>(there have been no changes in the name of the reporting entity since the end of the prior reporting period) |
| Legal form: | a joint stock company (*spółka akcyjna)* |
| Registered office: | ul. Jagiellońska 74, 03-301 Warsaw |
| Country of registration: | Poland |
| Core activities: | Production and publishing of video games and associated products |
| Principal place of business: | Warsaw |
| Registration body: | District Court for the Capital City of Warsaw in Warsaw, 14th Business Department of the National Court Register |
| Statistical number REGON: | 492707333 |
| Tax identification number NIP: | 7342867148 |
| Number in the BDO register (national waste management database): | 000141053 |
| Duration of the Company: | unspecified |

# Changes in accounting policies

The accounting policies applied in these separate financial statements, material judgements made by the Management Board with regard to the accounting policies applied by the Company and the main sources of estimating uncertainties are consistent, in all material respects, with the policy adopted for preparing the separate annual financial statements of CD PROJEKT for 2023, with the exception of changes in accounting policies and presentation changes described in the section "Assumption of comparability of the financial statements, changes in accounting policies and estimates".

# Going concern assumption

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

As at the date of these separate financial statements being signed, the Management Board of the Company did not identify any facts or circumstances which would indicate any threats to the Company continuing in operation as a going concern for a period of 12 months after the end of the reporting period as a result of intended or forced discontinuation or significant curtailment of its operations to date.

By the date of preparing the separate financial statements for the period from 1 January to 31 December 2024, the Management Board of the Company did not become aware of any events which should have been but were not recognized in the accounting records for the reporting period. At the same time, no significant prior year events have been disclosed in these separate financial statements.

(all amounts in PLN thousand, unless stated otherwise)

# Quotations on the regulated market

## General information

| | |
|---|---|
| Stock exchange | Giełda Papierów Wartościowych w Warszawie S.A.<br>ul. Książęca 4<br>00-498 Warsaw |
| Symbol on WSE | CDR |

## Deposit and settlements system

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

## Contact with investors

| | |
|---|---|
| Investor relations | gielda@cdprojekt.com |

# Compliance with the International Financial Reporting Standards

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS"), endorsed by the European Union, effective for annual periods beginning on 1 January 2024.

## Amendments to standards or interpretations effective from 1 January 2024 applicable and adopted by the Company

In preparing the separate financial statements for 2024, the Company applies the same accounting policies as in preparing the annual financial statements for 2023, with the exception of amendments to standards and new standards and interpretations endorsed by the European Union, which are effective for reporting periods beginning on 1 January 2024:

- Amendment to ***IAS 1*** *Presentation of financial statements: Classification of liabilities as current or non-current* - applicable to reporting periods beginning on or after 1 January 2024;
- Amendments to ***IFRS 16 Leases***: *Lease Liability in a Sale and Leaseback* - applicable to reporting periods beginning on or after 1 January 2024;
- Amendments to ***IAS 7*** *Statement of Cash Flows* and ***IFRS 7*** *Financial Instruments: Disclosures - Supplier Finance Arrangements* - applicable to reporting periods beginning on or after 1 January 2024.

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

(all amounts in PLN thousand, unless stated otherwise)

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

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

- Amendments to ***IAS 21*** *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* - applicable to reporting periods beginning on or after 1 January 2025.

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

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

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

- **IFRS 18** *Presentation and Disclosure in Financial Statements* - applicable to reporting periods beginning on or after 1 January 2027;
- **IFRS 19** *Subsidiaries without Public Accountability: Disclosures* - applicable to reporting periods beginning on or after 1 January 2027;
- Amendments to ***IFRS 1, IFRS 7, IFRS 9, IFRS 10, IFRS 7*** as part of Annual Improvements Volume 11 - applicable to reporting periods beginning on or after 1 January 2026;
- Amendments to ***IFRS 9*** *Financial Instruments* and ***IFRS 7*** *Financial Instruments: Disclosures* - amendments to classification and measurement - applicable to reporting periods beginning on or after 1 January 2026;
- Contracts Referencing Nature-dependent Electricity - Amendment to **IFRS 9** *Financial Instruments* and **IFRS 7** *Financial Instruments: Disclosures* - applicable to reporting periods beginning on or after 1 January 2026.

The Company is analysing the estimated impact of the standards and amendments listed above on the Company's financial statements.

# Description of adopted accounting policies

## Revenue and operating expenses

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

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

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

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

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

## Finance income and costs

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

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

## State subsidies

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

## Current and deferred income tax

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

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

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

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

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

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

## Value added tax (VAT)

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

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

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

## Property, plant and equipment

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

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

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

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

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

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

## Intangible assets - Expenditure on development projects

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

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

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

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

c) the intangible asset can be used or sold;

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

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

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

As at the release date, the Company reclassifies the expenditure from Expenditure on development projects in progress to Expenditure on completed development projects. In the case of projects for which it is possible to determine reliable estimates of the volume and value of the sales budget, the Company amortizes the value of these projects based on the consumption of economic benefits.

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

(i) the useful life based on the historical useful lives of previous comparable titles, normally no less than 3 years and no more than 6 years due to the possibility of making reliable estimates in an industry subject to dynamic change;

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

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

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

In the tables below, the Company presents projects amortized in 2024 for which reliable estimates of sales volumes and budgets can be determined, together with the useful lives or amortization rates applied:

- until the release of the *Phantom Liberty* expansion to the *Cyberpunk 2077* game:

| Title | Period | Quarterly amortization |
|---|---|---|
| Cyberpunk 2077 | Q4 2020 | 40% |
| | Q1-Q4 2021 | 3% |
| | Q1-Q4 2022 | 3% |
| | Q1-Q4 2023 | 3% |
| | Q1-Q4 2024 | 3% |
| | Q1-Q4 2025 | 3% |

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

| Title | Period | Quarterly amortization |
|---|---|---|
| Cyberpunk 2077 (including the version for new generation consoles) + the Phantom Liberty expansion | Q3-Q4 2023 | 20% |
| | Q1-Q4 2024 | 5% |
| | Q1-Q4 2025 | 3.5% |
| | Q1-Q4 2026 | 2.5% |
| | Q1-Q4 2027 | 2% |
| | Q1-Q4 2028 | 2% |

- after the reporting date 31 December 2024, as a result of an analysis of the period of consumption of economic benefits, the total amount of non-amortized expenditure on the production of *Cyberpunk 2077*, including the version for new generation consoles and expenditure on the production of the *Phantom Liberty* expansion:

| Title | Period | Quarterly amortization |
|---|---|---|
| Cyberpunk 2077 (including the version for new generation consoles) + the Phantom Liberty expansion* | Q1-Q4 2025 | 7% |
| | Q1-Q4 2026 | 5.5% |
| | Q1-Q4 2027 | 5% |
| | Q1-Q4 2028 | 3% |
| | Q1-Q4 2029 | 2.25% |
| | Q1-Q4 2030 | 2.25% |

** As at 31 December 2024, the amount of non-amortized expenditure was PLN 180 114 thousand.*

(all amounts in PLN thousand, unless stated otherwise)

In other cases, the Company amortizes the value of projects using the straight line method. Currently, the method is applied for amortization of the Witcher 3 project for new generation consoles. As at the reporting date of 31 December 2024, the amount of unamortized expenditure was PLN 13 988 thousand. After the reporting date, as a result of an analysis of the period of deriving economic benefits, the amortization period was extended until the end of 2027.

Amortization related to Expenditure on development projects is presented under the Cost of products and services sold in the Income statement.

## Intangible assets - Other

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

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

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

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

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

## Goodwill

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

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

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

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

## Mergers of business entities under common control

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

## Impairment of non-financial assets

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

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

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

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

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

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

## Investment properties

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

Investment properties are valued using the purchase price model.

## Rights of perpetual usufruct of land

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

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

## Leases

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

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

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

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

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

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

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

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

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

## Investments in subordinated entities

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

## Financial assets

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

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

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

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

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

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

## Financial liabilities

A financial liability is each liability being:

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

The Company classifies each component of financial liabilities upon initial recognition as:

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

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

## Inventories

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

## Trade and other receivables

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

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

## Prepayments and deferred costs

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

Deferred income includes proceeds received or receivable from royalties on pre-orders for digital distribution of games, or advances on royalties and advances on goods received from distributors, as well as deferred settlements of subsidies.

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

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

## Cash and cash equivalents

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

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

## Assets held for sale and discontinued operations

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

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

## Equity

Equity is recorded in the books of account by type of equity components and in accordance with the binding regulations of the law and the provisions of the Company’s Articles of Association.

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

Supplementary capital is created from profits generated.

Share premium is formed out of the surplus of the issue price of shares above the nominal value, less issue costs. Issue costs incurred on the set-up or an increase in the capital of a joint stock company reduce the supplementary capital.

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

## Provisions for liabilities

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

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

## Employee benefits

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

Based on the resolutions of the Company's General Meeting of 18 April 2023, two new incentive plans for the financial years 2023-2027 were introduced on that date, replacing the Incentive Plan for the years 2022-2025: Incentive Plan A and Incentive Plan B. Entitlements awarded under these plans if the conditions set out in the plans are met shall be realized alternatively though either: (i) offering participants to subscribe for warrants entitling them to subscribe for an identical number of shares in the Company issued as part of the conditional share capital increase, or (ii) offering participants to purchase from the Company treasury shares acquired by the Company as part of a buy-back carried out for this purpose. Plans A and B are described in detail in Note 39 Employee Benefit Plans below.

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

## Loans granted

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

## Trade and other payables

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

## Payment of dividend

Dividends are recorded at the moment of establishing the rights of the Company's shareholders to receive them.

# Functional currency and presentation currency

## Functional currency and presentation currency

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

## Transactions and balances

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

# Critical accounting estimates and judgements

## Professional judgement

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

## Uncertainty of estimates

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

### Impairment of assets

Impairment tests for assets such as goodwill and brand value require estimating the value in use of a cash-generating unit. Estimating the value in use means forecasting the future cash flows expected to be generated by a cash-generating unit, and requires determining a discount rate to be used in order to calculate the present value of these cash flows. The last test of the CD PROJEKT corporate brand, The Witcher product brand and goodwill was carried out as at 31 December 2024. No impairment of the brands or goodwill were identified. Impairment tests of shares in subsidiaries were also carried out as at 31 December 2024. No impairment of the shares was identified.

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

| | Trademarks | Goodwill |
|---|---|---|
| Cash flow forecast period | 2025-2028 (4 years) | 2025-2028 (4 years) |
| Discount rate (WACC) | 10.45% | 10.45% |
| Growth rate (g) for residual value | 3% | 3% |

### Valuation of provisions

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

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

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

### Deferred tax asset

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

### Deferred tax provision

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

(all amounts in PLN thousand, unless stated otherwise)

### Fair value of financial instruments

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

### Depreciation and amortization rates

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

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

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

## Changes in accounting policies

The accounting policies applied in these separate financial statements, material judgements made by the Management Board with regard to the accounting policies applied by the Company and the main sources of estimating uncertainties are consistent, in all material respects, with the policy adopted for preparing the annual separate financial statements of CD PROJEKT S.A. for 2023, with the exception of changes in the accounting policies and presentation changes described below.

## Presentation changes

In these separate financial statements for the period from 1 January to 31 December 2024, a change was introduced in the presentation of selected financial data. In order to ensure comparability of the financial data in the reporting period, presentation of the data for the period from 1 January to 31 December 2023 was changed. The data is presented after the following adjustments:

- in the income statement for the period from 1 January to 31 December 2023, the Company began presenting the costs of research projects as a separate item of Administrative expenses.

The change is of a purely presentational nature and has not affected the Net profit and Equity.

# Notes – other explanatory notes to the separate financial statements

# 3

# Note 1. Sales revenue

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

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| **Sales revenue** | **799 593** | **1 036 542** |
| including revenue from research and development projects | 365 451 | 521 071 |
| Sales of products | 790 687 | 1 023 626 |
| Sales of services | 1 231 | 413 |
| Sales of goods for resale and materials | 7 675 | 12 503 |
| **Other income** | **104 482** | **169 650** |
| Other operating income | 27 508 | 52 029 |
| Finance income | 76 974 | 117 621 |
| **Total** | **904 075** | **1 206 192** |

## Sales revenue – geographical structure*

| | 01.01.2024 – 31.12.2024 | | 01.01.2023 – 31.12.2023 | |
|---|---|---|---|---|
| | in PLN | in % | in PLN | in % |
| **Domestic sales** | **30 637** | **3.8%** | **54 618** | **5.3%** |
| **Export sales, including:** | **768 956** | **96.2%** | **981 924** | **94.7%** |
| Europe | 97 117 | 12.1% | 125 554 | 12.1% |
| North America | 626 536 | 78.4% | 783 990 | 75.6% |
| Asia | 43 749 | 5.5% | 71 423 | 6.9% |
| Australia | 1 554 | 0.2% | 957 | 0.1% |
| **Total** | **799 593** | **100%** | **1 036 542** | **100%** |

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

## Sales revenue – by type of production

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| Own production | 790 687 | 1 023 626 |
| Third party production | 7 675 | 12 503 |
| Other revenue | 1 231 | 413 |
| **Total** | **799 593** | **1 036 542** |

## Sales revenue – by distribution channel

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| Games - box issues | 40 360 | 67 989 |
| Games - digital issues | 720 236 | 945 060 |
| Other revenue | 38 997 | 23 493 |
| **Total** | **799 593** | **1 036 542** |

(all amounts in PLN thousand, unless stated otherwise)

## Note 2. Operating segments

Information on business segments is provided in Chapter 3 “Notes - Operating segments” of the Consolidated Financial Statements of the CD PROJEKT Group for the period from 1 January to 31 December 2024.

## Note 3. Operating expenses

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023* |
|---|---|---|
| Depreciation and amortization of property, plant and equipment, intangible assets, expenditure on development projects and investment properties, including: | 12 148 | 12 340 |
| depreciation of leased buildings | 832 | 875 |
| depreciation of leased vehicles | 398 | 398 |
| Materials and energy used | 4 426 | 4 561 |
| External services, including: | 130 459 | 155 237 |
| costs of short-term leases and low value leases | 500 | 462 |
| Taxes and fees | 2 030 | 2 129 |
| Salaries and wages, social insurance and other benefits | 169 746 | 177 162 |
| Business travel | 4 771 | 3 748 |
| Cost of using company cars | 235 | 268 |
| Cost of goods for resale and materials sold | 8 074 | 13 617 |
| Costs of products and services sold | 111 664 | 240 201 |
| Other costs | 978 | 1 491 |
| **Total** | **444 531** | **610 754** |
| Selling expenses, including: | 96 936 | 201 124 |
| cost of product maintenance | 17 013 | 57 961 |
| Total administrative expenses, including: | 227 857 | 155 812 |
| cost of research projects | 79 145 | 20 002 |
| Costs of sales | 119 738 | 253 818 |
| **Total** | **444 531** | **610 754** |

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

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

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| **Items included in cost of sales** | **1 227** | **1 158** |
| Depreciation of tangible fixed assets | 1 197 | 1 111 |
| Amortization of intangible assets and expenditure on development projects | 30 | 47 |
| **Items included in selling expenses** | **5 452** | **7 779** |
| Depreciation of tangible fixed assets | 4 154 | 6 328 |
| Amortization of intangible assets and expenditure on development projects | 1 298 | 1 451 |
| **Items included in administrative expenses** | **6 696** | **4 561** |
| Depreciation of tangible fixed assets | 5 445 | 3 884 |
| Amortization of intangible assets and expenditure on development projects | 1 251 | 677 |
| **Items included in other operating expenses** | **6 152** | **1 726** |
| Depreciation of investment properties | 1 537 | 1 726 |
| Impairment of property, plant and equipment and investment properties | 4 615 | - |
| **Total** | **19 527** | **15 224** |

### Costs of employee benefits

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| Salaries and wages | 154 364 | 161 162 |
| Social insurance and other benefits | 9 932 | 10 589 |
| Other employee benefits | 5 450 | 5 411 |
| **Total costs of employee benefits** | **169 746** | **177 162** |
| Items included in selling expenses | 85 447 | 112 020 |
| Items included in administrative expenses | 84 299 | 65 142 |

(all amounts in PLN thousand, unless stated otherwise)

# Note 4. Other operating income and expenses

## Other operating income

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| Tax relief for innovative employees | 14 024 | 16 344 |
| Other sales | 6 409 | 6 463 |
| Rental income | 3 277 | 3 468 |
| Subsidies | 915 | 2 745 |
| Income from re-invoicing | 809 | 865 |
| Reversal of inventory write-downs | 672 | - |
| Damages received | 545 | - |
| Gains on disposal of non-current assets | 176 | 72 |
| Fixed assets and goods for resale received free of charge | 56 | 168 |
| Payments from enforcement officers | 3 | 27 |
| Reversal of a write-down of expenditure on development projects in progress | - | 21 531 |
| Release of unused provisions for costs | - | 100 |
| Refund of overpaid tax on civil law transactions | - | 94 |
| Other | 622 | 152 |
| **Total other operating income** | **27 508** | **52 029** |

## Other operating expenses

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| Impairment write-downs of property, plant and equipment and investment properties | 4 615 | - |
| Cost of sales of other sales | 3 852 | 3 454 |
| Cost of rental | 3 839 | 4 302 |
| Depreciation of investment properties | 1 537 | 1 726 |
| Costs relating to re-invoicing | 809 | 865 |
| Donations and charity | 378 | 876 |
| Cost of destruction of materials and goods for resale | 9 | 227 |
| Irrecoverable receivables | 4 | 76 |
| Scrapping of fixed and intangible assets | 2 | 3 142 |
| Inventory write-downs | - | 2 028 |
| Scrapping of investment properties | - | 737 |
| Costs of projects written-off | - | 518 |
| VAT written off | - | 338 |
| Other | 162 | 898 |
| **Total other operating expenses** | **15 207** | **19 187** |

(all amounts in PLN thousand, unless stated otherwise)

# Note 5. Finance income and finance costs

## Finance income

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| **Interest income** | **62 886** | **47 189** |
| on current bank deposits | 25 500 | 27 272 |
| on bonds | 37 169 | 19 653 |
| on loans | 217 | 264 |
| **Other finance income** | **14 088** | **70 432** |
| net foreign exchange gains | 14 057 | - |
| reversal of impairment of non-current financial assets | - | 30 171 |
| gain on redemption of bonds | - | 2 259 |
| settlement and measurement of derivative financial instruments | - | 37 955 |
| measurement of private equity interests in the gaming sector | 31 | - |
| other finance income | - | 47 |
| **Total finance income** | **76 974** | **117 621** |

## Finance costs

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| **Interest expense** | **804** | **829** |
| on lease contracts | 700 | 775 |
| on bonds | 17 | 18 |
| on liabilities to the State Treasury | 87 | 33 |
| on trade payables | - | 3 |
| **Other finance costs** | **13 325** | **44 567** |
| net foreign exchange losses | - | 44 198 |
| settlement and measurement of derivative financial instruments | 9 118 | - |
| commission and fees on purchase of bonds | 280 | 284 |
| measurement of private equity interests in the gaming sector | - | 85 |
| loss on redemption of bonds | 3 927 | - |
| **Total finance costs** | **14 129** | **45 396** |
| **Net finance income/costs** | **62 845** | **72 225** |

(all amounts in PLN thousand, unless stated otherwise)

# Note 6. Corporate income tax and deferred income tax

The main items of income tax expense for the years ended 31 December 2024 and 31 December 2023 are as follows:

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| **Current income tax** | **17 503** | **46 539** |
| For the financial year | 18 438 | 26 592 |
| Adjustments relating to prior years | (14 710) | (11 422) |
| Withholding tax paid abroad | 13 775 | 31 369 |
| **Deferred income tax** | **(58 007)** | **9 618** |
| Related to temporary differences arising and reversed | (58 007) | 9 618 |
| **Income tax expense shown in the income statement** | **(40 504)** | **56 157** |
| **Effective tax rate** | **(9.42)%** | **10.58%** |

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

(all amounts in PLN thousand, unless stated otherwise)

## Current income tax

| | 01.01.2024 – 31.12.2024 | | 01.01.2023 – 31.12.2023 | |
|---|---|---|---|---|
| | **Income from other sources of revenue** | **Income from capital gains** | **Income from other sources of revenue** | **Income from capital gains** |
| **Profit/(loss) before tax** | **380 036** | **50 134** | **482 171** | **48 691** |
| Income increasing the tax base | 25 | 10 542 | 466 | 12 138 |
| Income relating to subsequent periods | 37 530 | - | (75 277) | - |
| Non-taxable income | (16 314) | (26 455) | (75 703) | (18 619) |
| Income from advance payments disclosed for tax purposes | 8 770 | - | 7 567 | - |
| Costs reducing the tax base | (104 569) | - | (46 043) | - |
| Non-deductible costs | 149 774 | 92 | 323 055 | 12 |
| **Taxable income** | **455 252** | **34 313** | **616 236** | **42 222** |
| Deductions from income – loss | - | (34 313) | - | (42 222) |
| Deductions from income – donation and charity | - | - | (445) | - |
| Deductions from income – R&D relief | (123 939) | - | (83 478) | - |
| Deductions from income – tax-free income | - | - | (466) | - |
| **Tax base, including:** | **331 313** | **-** | **531 847** | **-** |
| **tax base at 5% (profit)** | **368 760** | **-** | **531 847** | **-** |
| **tax base at 19% (loss)** | **(37 447)** | **-** | **-** | **-** |
| Income tax calculated in Poland at 5% | 18 438 | - | 26 592 | - |
| Income tax calculated in Poland at 19% | - | - | - | - |
| **Income tax** | **18 438** | **-** | **26 592** | **-** |

The Company's tax settlements had the largest impact on the amount reported.

The Polish tax system provides for separate taxation of capital gains (which represent, for the most part, a taxpayer's passive income) and of other operating activities.

In the reporting period, the Company earned capital gains of PLN 34 313 thousand which did not generate a tax liability because the Company utilized a tax loss carried forward.

As part of its operating activities, the Company reported a tax loss on activities taxable at the 19% CIT rate and earned taxable income on activities taxable at the 5% CIT rate (the so-called IP Box).

A tax loss on activities taxable at the 19% CIT rate was mainly due to expenditure incurred on projects in the research phase.

The tax due on income generated by the activities taxable at the 5% CIT rate amounted to PLN 18 438 thousand.

At the same time, a negative effective tax rate was mainly due to:

- a change in the net deferred tax asset/provision (totalling PLN 58 007 thousand) relating mainly to the disclosure of the historical costs qualified for the R&D relief as part of an adjustment to the tax returns for 2020-2023 in connection with obtaining favourable decisions of the Supreme Administrative Court and a tax ruling relating to the R&D relief plus the amount of the R&D relief declared in the current reporting period;
- a refund of withholding tax paid in other jurisdictions in respect of royalties of PLN 14 710 thousand;
- withholding tax paid in other jurisdictions which amounted to PLN 13 775 thousand in the period analysed being lower than in the comparative period.

(all amounts in PLN thousand, unless stated otherwise)

## Deductible temporary differences underlying the deferred tax asset

| | 31.12.2023 | Differences affecting the deferred tax recognized in the profit or loss | 31.12.2024 |
|---|---|---|---|
| Provision for other employee benefits | 4 979 | (100) | 4 879 |
| Provision for costs of performance-related and other remuneration | 49 197 | 3 281 | 52 478 |
| Foreign exchange losses | 37 629 | (18 284) | 19 345 |
| Difference between the carrying and tax amount of expenditure on development projects | 22 053 | (361) | 21 692 |
| Salaries and wages and social security payable in future periods | 22 | 2 | 24 |
| Other provisions | 42 351 | (1 741) | 40 610 |
| Research and development relief | 221 546 | 287 202 | 508 748 |
| Prepayments recognized as revenue for tax purposes | 4 979 | (785) | 4 194 |
| Tax value of leased non-current assets | 20 957 | (2 536) | 18 421 |
| **Total deductible differences, including:** | **403 713** | **266 678** | **670 391** |
| taxed at 5% | 130 487 | (36 480) | 94 007 |
| taxed at 19% | 273 226 | 303 158 | 576 384 |
| **Deferred income tax assets** | **58 438** | **55 776** | **114 214** |

## Taxable temporary differences underlying the deferred tax provision

| | 31.12.2023 | Differences affecting the deferred tax recognized in the profit or loss | 31.12.2024 |
|---|---|---|---|
| Difference between the net carrying amount and tax amount of property, plant and equipment and intangible assets | 20 754 | (4 132) | 16 622 |
| Current period revenue invoiced in the subsequent period/accrued income | 191 844 | (28 302) | 163 542 |
| Foreign exchange gains | 134 | 46 | 180 |
| Difference between the carrying and tax amount of expenditure on development projects | 48 205 | (13 781) | 34 424 |
| Tax value of leased non-current assets | 21 068 | (2 772) | 18 296 |
| Other | - | 46 | 46 |
| **Total taxable differences, including:** | **282 005** | **(48 895)** | **233 110** |
| taxed at 5% | 263 326 | (50 416) | 212 910 |
| taxed at 19% | 18 679 | 1 521 | 20 200 |
| **Deferred tax provisions** | **16 715** | **(2 232)** | **14 483** |

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

## Net deferred tax assets/provisions

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Deferred tax assets | 114 214 | 58 438 |
| Deferred tax provisions | 14 483 | 16 715 |

(all amounts in PLN thousand, unless stated otherwise)

# Note 7. Discontinued operations

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

# Note 8. Earnings per share

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

During the 12 months ended 31 December 2024, the diluting instruments comprised entitlements awarded under the incentive plans, entitling the holder to take up shares in the Company in the future. For information on the number of entitlements granted, see Note 39.

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

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| Weighted average number of shares for the calculation of basic earnings per share (in pcs) | 99 910 510 | 100 268 964 |
| Weighted average number of shares for the calculation of diluted earnings per share (in pcs) | 100 487 708 | 100 288 896 |
| Net profit/(loss) shown for the purpose of calculating diluted earnings per share | 470 674 | 474 705 |
| **Basic net earnings/(loss) per share (in PLN)** | **4.71** | **4.73** |
| **Diluted net earnings/(loss) per share (in PLN)** | **4.68** | **4.73** |

# Note 9. Dividend paid (or declared) and received

On 14 June 2024, the Ordinary General Meeting of the Company decided to set aside a part of the Company's net profit for 2023 for distribution to shareholders as a dividend. In accordance with the Resolution adopted, on 27 June 2024, the Company paid out PLN 99 910 510 thousand, i.e. PLN 1 per share. The number of the Company's shares giving a right to the dividend was 99 910 510.

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

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| **Net profit/(loss)** | **470 674** | **474 705** |
| Measurement of bonds issued by foreign governments | 2 271 | 4 138 |
| **Total comprehensive income** | **472 945** | **478 843** |

(all amounts in PLN thousand, unless stated otherwise)

# Note 11. Property, plant and equipment

## Ownership structure of property, plant and equipment

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| Own assets | 240 135 | 158 635 |
| Used under lease contracts | 18 291 | 20 497 |
| **Total** | **258 426** | **179 132** |

## Property, plant and equipment with restricted legal title

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| Used under lease contracts | 18 291 | 20 497 |
| **Total** | **18 291** | **20 497** |

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

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| Construction of an office building on the CD PROJEKT campus | 24 518 | 83 292 |
| Leasing of passenger cars | 120 | 562 |
| **Total** | **24 638** | **83 854** |

(all amounts in PLN thousand, unless stated otherwise)

## Changes in property, plant and equipment (by category) for the period 01.01.2024 – 31.12.2024

| | Land | Buildings and structures | Civil and hydraulic engineering facilities | Plant and machinery | Vehicles | Other fixed assets | Assets under construction | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount as at 01.01.2024** | **41 859** | **103 717** | **3 927** | **82 185** | **3 473** | **8 061** | **18 334** | **261 556** |
| **Increase due to:** | **-** | **465** | **44** | **7 177** | **597** | **101** | **97 644** | **106 028** |
| purchase | - | 45 | - | 7 121 | - | 56 | 97 644 | 104 866 |
| lease contracts concluded | - | 47 | - | - | - | - | - | 47 |
| transfer from assets under construction | - | 62 | 44 | 46 | - | 45 | - | 197 |
| transfer from investment properties | - | 311 | - | - | - | - | - | 311 |
| reclassification | - | - | - | - | 597 | - | - | 597 |
| other | - | - | - | 10 | - | - | - | 10 |
| **Decrease due to:** | **-** | **-** | **134** | **1 637** | **547** | **282** | **1 210** | **3 810** |
| sale | - | - | - | 826 | 547 | 47 | - | 1 420 |
| scrapping | - | - | 134 | 538 | - | 235 | - | 907 |
| transfer from assets under construction | - | - | - | - | - | - | 197 | 197 |
| reclassification | - | - | - | - | - | - | 1 008 | 1 008 |
| free-of-charge receipt | - | - | - | 273 | - | - | - | 273 |
| transfers to investment properties | - | - | - | - | - | - | 5 | 5 |
| **Gross carrying amount as at 31.12.2024** | **41 859** | **104 182** | **3 837** | **87 725** | **3 523** | **7 880** | **114 768** | **363 774** |
| **Accumulated depreciation as at 01.01.2024** | **2 402** | **28 030** | **711** | **45 050** | **1 750** | **4 481** | **-** | **82 424** |
| **Increase due to:** | **585** | **6 785** | **204** | **12 760** | **617** | **756** | **-** | **21 707** |
| depreciation charge | 585 | 6 785 | 204 | 12 751 | 617 | 756 | - | 21 698 |
| other | - | - | - | 9 | - | - | - | 9 |
| **Decrease due to:** | **-** | **-** | **134** | **1 632** | **547** | **280** | **-** | **2 593** |
| sale | - | - | - | 821 | 547 | 47 | - | 1 415 |
| scrapping | - | - | 134 | 538 | - | 233 | - | 905 |
| free-of-charge receipt | - | - | - | 273 | - | - | - | 273 |
| **Accumulated depreciation as at 31.12.2024** | **2 987** | **34 815** | **781** | **56 178** | **1 820** | **4 957** | **-** | **101 538** |
| **Impairment write-downs as at 01.01.2024** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Increase due to:** | **116** | **3 694** | **-** | **-** | **-** | **-** | **-** | **3 810** |
| impairment | 116 | 3 694 | - | - | - | - | - | 3 810 |
| **Decrease** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Impairment write-downs as at 31.12.2024** | **116** | **3 694** | **-** | **-** | **-** | **-** | **-** | **3 810** |
| **Net carrying amount as at 01.01.2024** | **39 457** | **75 687** | **3 216** | **37 135** | **1 723** | **3 580** | **18 334** | **179 132** |
| **Net carrying amount as at 31.12.2024** | **38 756** | **65 673** | **3 056** | **31 547** | **1 703** | **2 923** | **114 768** | **258 426** |

(all amounts in PLN thousand, unless stated otherwise)

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

| | Land | Buildings and structures | Civil and hydraulic engineering facilities | Plant and machinery | Vehicles | Other fixed assets | Assets under construction | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount as at 01.01.2023** | **40 435** | **76 747** | **1 925** | **50 627** | **2 941** | **5 695** | **28 007** | **206 377** |
| **Increase due to:** | **1 424** | **27 512** | **2 867** | **33 825** | **673** | **2 401** | **21 218** | **89 920** |
| purchase | - | 187 | 2 | 26 222 | 31 | 421 | 20 621 | 47 484 |
| business combinations | - | 304 | - | 797 | - | 77 | - | 1 178 |
| lease contracts concluded | 1 424 | 327 | - | - | 642 | - | 597 | 2 990 |
| transfer from assets under construction | - | 20 117 | 2 865 | 6 486 | - | 1 359 | - | 30 827 |
| transfer from investment properties | - | 6 577 | - | 316 | - | - | - | 6 893 |
| reclassification | - | - | - | - | - | 544 | - | 544 |
| other | - | - | - | 4 | - | - | - | 4 |
| **Decrease due to:** | **-** | **542** | **865** | **2 267** | **141** | **35** | **30 891** | **34 741** |
| sale | - | - | - | 415 | 136 | - | - | 551 |
| scrapping | - | 290 | 372 | 1 500 | 5 | 35 | - | 2 202 |
| transfer from assets under construction | - | - | - | - | - | - | 30 827 | 30 827 |
| reclassification | - | - | 493 | 51 | - | - | 64 | 608 |
| lease contracts terminated | - | 252 | - | - | - | - | - | 252 |
| free-of-charge transfer | - | - | - | 301 | - | - | - | 301 |
| **Gross carrying amount as at 31.12.2023** | **41 859** | **103 717** | **3 927** | **82 185** | **3 473** | **8 061** | **18 334** | **261 556** |
| **Accumulated depreciation as at 01.01.2023** | **1 817** | **20 748** | **717** | **34 964** | **1 278** | **3 414** | **-** | **62 938** |
| **Increase due to:** | **585** | **7 456** | **205** | **12 300** | **534** | **1 102** | **-** | **22 182** |
| depreciation charge | 585 | 6 432 | 205 | 11 622 | 534 | 1 033 | - | 20 411 |
| transfer from investment properties | - | 890 | - | 48 | - | - | - | 938 |
| business combinations | - | 134 | - | 630 | - | 63 | - | 827 |
| reclassification | - | - | - | - | - | 6 | - | 6 |
| **Decrease due to:** | **-** | **174** | **211** | **2 214** | **62** | **35** | **-** | **2 696** |
| sale | - | - | - | 414 | 57 | - | - | 471 |
| scrapping | - | 62 | 205 | 1 499 | 5 | 35 | - | 1 806 |
| reclassification | - | - | 6 | - | - | - | - | 6 |
| lease contracts terminated | - | 112 | - | - | - | - | - | 112 |
| free-of-charge transfer | - | - | - | 301 | - | - | - | 301 |
| **Accumulated depreciation as at 31.12.2023** | **2 402** | **28 030** | **711** | **45 050** | **1 750** | **4 481** | **-** | **82 424** |

(all amounts in PLN thousand, unless stated otherwise)

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Impairment write-downs as at 01.01.2023** | - | - | - | - | - | - | - | - |
| **Impairment write-downs as at 31.12.2023** | - | - | - | - | - | - | - | - |
| **Net carrying amount as at 01.01.2023** | **38 618** | **55 999** | **1 208** | **15 663** | **1 663** | **2 281** | **28 007** | **143 439** |
| **Net carrying amount as at 31.12.2023** | **39 457** | **75 687** | **3 216** | **37 135** | **1 723** | **3 580** | **18 334** | **179 132** |

## Assets under construction

| | 01.01.2024 | Expenditure incurred in the financial year | Reclassification of costs | Settlement of capital expenditure | 31.12.2024 |
|---|---|---|---|---|---|
| Redevelopment of the Jagiellońska 74 property | 466 | 621 | 11 | 144 | 932 |
| New office building Jagiellońska 74 | 17 271 | 95 018 | 359 | - | 111 930 |
| Construction of the Motion capture studio | - | 276 | - | - | 276 |
| Other | 597 | 1 729 | 638 | 58 | 1 630 |
| **Total** | **18 334** | **97 644** | **1 008** | **202** | **114 768** |

| | 01.01.2023 | Expenditure incurred in the financial year | Reclassification of costs | Settlement of capital expenditure | 31.12.2023 |
|---|---|---|---|---|---|
| Redevelopment of the Jagiellońska 74 property | 1 004 | 705 | - | 1 243 | 466 |
| New office building Jagiellońska 74 | 1 613 | 15 683 | - | 25 | 17 271 |
| Redevelopment of the car park | 25 220 | 3 879 | 43 | 29 056 | - |
| Other | 170 | 951 | 21 | 503 | 597 |
| **Total** | **28 007** | **21 218** | **64** | **30 827** | **18 334** |

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

| | 31.12.2024 | | | 31.12.2023 | | |
|---|---|---|---|---|---|---|
| | Gross amount | Accumulated depreciation | Net amount | Gross amount | Accumulated depreciation | Net amount |
| Land | 15 964 | 1 114 | 14 850 | 15 964 | 891 | 15 073 |
| Real properties | 10 583 | 8 456 | 2 127 | 10 536 | 6 631 | 3 905 |
| Plant and machinery | 48 | 44 | 4 | 48 | 28 | 20 |
| Vehicles | 1 933 | 623 | 1 310 | 2 021 | 521 | 1 500 |
| **Total** | **28 528** | **10 237** | **18 291** | **28 569** | **8 071** | **20 498** |

(all amounts in PLN thousand, unless stated otherwise)

# Note 12. Intangible assets and expenditure on development projects

## Changes in intangible assets and expenditure on development projects for the period 01.01.2024 – 31.12.2024

| | Expenditure on development projects in progress | Expenditure on completed development projects | Trademarks | Patents and licenses | Copyrights | Computer software | Goodwill | Intangible assets under construction | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount as at 01.01.2024** | **224 884** | **1 159 276** | **34 490** | **4 900** | **19 198** | **41 141** | **49 168** | **1 671** | **1 534 728** |
| **Increase due to:** | **273 740** | **-** | **-** | **1 462** | **20** | **4 031** | **-** | **1 002** | **280 255** |
| purchase | - | - | - | 1 462 | 20 | 1 358 | - | 766 | 3 606 |
| internally generated assets | 273 740 | - | - | - | - | - | - | 236 | 273 976 |
| transfer from intangible assets under construction | - | - | - | - | - | 2 673 | - | - | 2 673 |
| reclassification | - | - | - | - | - | - | - | - | - |
| **Decrease due to:** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **2 673** | **2 673** |
| transfer from intangible assets under construction | - | - | - | - | - | - | - | 2 673 | 2 673 |
| **Gross carrying amount as at 31.12.2024** | **498 624** | **1 159 276** | **34 490** | **6 362** | **19 218** | **45 172** | **49 168** | **-** | **1 812 310** |
| **Accumulated amortization as at 01.01.2024** | **-** | **859 688** | **-** | **3 765** | **850** | **27 918** | **-** | **-** | **892 221** |
| **Increase due to:** | **-** | **105 486** | **-** | **1 719** | **296** | **3 982** | **-** | **-** | **111 483** |
| amortization charge | - | 105 486 | - | 1 719 | 296 | 3 982 | - | - | 111 483 |
| **Decrease** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Accumulated amortization as at 31.12.2024** | **-** | **965 174** | **-** | **5 484** | **1 146** | **31 900** | **-** | **-** | **1 003 704** |
| **Impairment write-downs as at 01.01.2024** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Impairment write-downs as at 31.12.2024** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Net carrying amount as at 01.01.2024** | **224 884** | **299 588** | **34 490** | **1 135** | **18 348** | **13 223** | **49 168** | **1 671** | **642 507** |
| **Net carrying amount as at 31.12.2024** | **498 624** | **194 102** | **34 490** | **878** | **18 072** | **13 272** | **49 168** | **-** | **808 606** |

(all amounts in PLN thousand, unless stated otherwise)

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

| | Expenditure on development projects in progress | Expenditure on completed development projects | Trademarks | Patents and licenses | Copyrights | Computer software | Goodwill | Intangible assets under construction | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount as at 01.01.2023** | **248 852** | **886 593** | **34 467** | **3 499** | **18 959** | **44 193** | **49 168** | **-** | **1 285 731** |
| **Increase due to:** | **263 304** | **272 683** | **23** | **1 447** | **239** | **1 500** | **-** | **1 687** | **540 883** |
| purchase | - | - | - | 1 447 | 209 | 669 | - | 674 | 2 999 |
| internally generated assets | 263 304 | - | - | - | - | - | - | 1 013 | 264 317 |
| transfer from expenditure on development projects in progress | - | 272 683 | - | - | - | - | - | - | 272 683 |
| business combinations | - | - | 23 | - | 25 | 790 | - | - | 838 |
| reclassification | - | - | - | - | 5 | 41 | - | - | 46 |
| **Decrease due to:** | **287 272** | **-** | **-** | **46** | **-** | **4 552** | **-** | **16** | **291 886** |
| scrapping | 2 745 | - | - | - | - | 4 552 | - | - | 7 297 |
| utilization of impairment write-downs | 11 844 | - | - | - | - | - | - | - | 11 844 |
| transfer from expenditure on development projects in progress | 272 683 | - | - | - | - | - | - | - | 272 683 |
| reclassification | - | - | - | 46 | - | - | - | 16 | 62 |
| **Gross carrying amount as at 31.12.2023** | **224 884** | **1 159 276** | **34 490** | **4 900** | **19 198** | **41 141** | **49 168** | **1 671** | **1 534 728** |
| **Accumulated amortization as at 01.01.2023** | **-** | **628 566** | **-** | **2 107** | **301** | **28 386** | **-** | **-** | **659 360** |
| **Increase due to:** | **-** | **231 122** | **-** | **1 658** | **549** | **4 083** | **-** | **-** | **237 412** |
| amortization charge | - | 231 122 | - | 1 658 | 524 | 3 692 | - | - | 236 996 |
| business combinations | - | - | - | - | 25 | 391 | - | - | 416 |
| **Decrease due to:** | **-** | **-** | **-** | **-** | **-** | **4 551** | **-** | **-** | **4 551** |
| scrapping | - | - | - | - | - | 4 551 | - | - | 4 551 |
| **Accumulated amortization as at 31.12.2023** | **-** | **859 688** | **-** | **3 765** | **850** | **27 918** | **-** | **-** | **892 221** |
| **Impairment write-downs as at 01.01.2023** | **33 375** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **33 375** |
| **Increase** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Decrease due to:** | **33 375** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **33 375** |
| reversal of write-downs | 21 531 | - | - | - | - | - | - | - | 21 531 |
| release of write-downs (write-off) | 11 844 | - | - | - | - | - | - | - | 11 844 |
| **Impairment write-downs as at 31.12.2023** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Net carrying amount as at 01.01.2023** | **215 477** | **258 027** | **34 467** | **1 392** | **18 658** | **15 807** | **49 168** | **-** | **592 996** |
| **Net carrying amount as at 31.12.2023** | **224 884** | **299 588** | **34 490** | **1 135** | **18 348** | **13 223** | **49 168** | **1 671** | **642 507** |

(all amounts in PLN thousand, unless stated otherwise)

### Intangible assets – ownership structure

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Own assets | 66 712 | 68 867 |
| **Total** | **66 712** | **68 867** |

### Intangible assets under construction

| | 01.01.2024 | Expenditure incurred in the financial year | Reclassification of costs | Settlement of capital expenditure | 31.12.2024 |
|---|---|---|---|---|---|
| System for financial consolidation | 665 | 585 | - | 1 250 | - |
| e-Nova system | 1 006 | 417 | - | 1 423 | - |
| **Total** | **1 671** | **1 002** | **-** | **2 673** | **-** |

| | 01.01.2023 | Expenditure incurred in the financial year | Reclassification of costs | Settlement of capital expenditure | 31.12.2023 |
|---|---|---|---|---|---|
| System for financial consolidation | - | 681 | 16 | - | 665 |
| e-Nova system | - | 1 006 | - | - | 1 006 |
| **Total** | **-** | **1 687** | **16** | **-** | **1 671** |

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

None.

### Intangible assets – restriction on disposal

None.

## Note 13. Goodwill

### Goodwill recognized in business combinations and acquisitions

| | CD Projekt Red sp. z o.o. | Strange New Things business | Total |
|---|---|---|---|
| **Gross carrying amount as at 01.01.2024** | **39 147** | **10 021** | **49 168** |
| **Gross carrying amount as at 31.12.2024** | **39 147** | **10 021** | **49 168** |
| **Impairment write-downs as at 01.01.2024** | **-** | **-** | **-** |
| **Impairment write-downs as at 31.12.2024** | **-** | **-** | **-** |
| **Net carrying amount as at 01.01.2024** | **39 147** | **10 021** | **49 168** |
| **Net carrying amount as at 31.12.2024** | **39 147** | **10 021** | **49 168** |

Impairment tests of goodwill require estimating the value in use of the cash-generating unit. In estimating the value in use, the Company prepared forecasts of the future cash flows to be generated by the cash-generating unit and determined the discount rate to be applied to calculate the present value of these cash flows. The Company performed the most recent impairment test of goodwill as at 31 December 2024. The Company identified no indications of impairment of goodwill.

### Business combinations

None.

(all amounts in PLN thousand, unless stated otherwise)

# Note 14. Investment properties

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

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

The last appraisal report by an expert surveyor, for the buildings and structures recognized partly as property, plant and equipment and partly as investment properties, was prepared on the basis of unit prices for the construction of buildings with the most similar parameters included in the Bistyp Catalogue of Unit Prices for Works and Investment Facilities 2024. The value resulting from the last appraisal of individual assets performed as at 31 December 2024 amounted to PLN 16 310 thousand for the investment properties at ul. Jagiellońska 74. A write-down of PLN 805 thousand was recognized in the Company's books of account for Building B located on that plot of land and classified as an investment property. For the plot at ul. Jagiellońska 76, the value of buildings and structures classified as investment properties resulting from the last valuation conducted as at 31 December 2024 amounted to PLN 14 269 thousand and was higher than the net amount recorded in the Company's books of account.

## Changes in investment properties

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| **Gross carrying amount as at the beginning of the period** | **40 313** | **47 947** |
| **Increase due to:** | **22** | **123** |
| capitalized expenditure | 22 | 123 |
| **Decrease due to:** | **311** | **7 757** |
| scrapping | - | 864 |
| reclassification to other asset categories | 311 | 6 893 |
| **Gross carrying amount as at the end of the period** | **40 024** | **40 313** |
| **Accumulated depreciation as at the beginning of the period** | **6 068** | **5 387** |
| **Increase due to:** | **1 545** | **1 746** |
| depreciation charge | 1 545 | 1 746 |
| **Decrease due to:** | **-** | **1 065** |
| scrapping | - | 127 |
| reclassification to other asset categories | - | 938 |
| **Accumulated depreciation as at the end of the period** | **7 613** | **6 068** |
| **Impairment write-downs as at the beginning of the period** | **-** | **-** |
| **Increase due to:** | **805** | **-** |
| impairment | 805 | - |
| **Decrease** | **-** | **-** |
| **Impairment write-downs as at the end of the period** | **805** | **-** |
| **Net carrying amount as at the end of the period** | **31 606** | **34 245** |

## Amounts of contractual liabilities in respect of purchase of investment properties

None.

(all amounts in PLN thousand, unless stated otherwise)

## Note 15. Investments in subordinated entities

### Investments in subordinated entities measured at cost

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Shares in subordinated entities – subsidiaries | 63 473 | 57 229 |
| **Total** | **63 473** | **57 229** |

### Changes in investments in subsidiaries

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| **As at the beginning of the period** | **57 229** | **53 566** |
| **Increase due to:** | **6 567** | **39 892** |
| acquisition/formation of an entity | - | 440 |
| reversal of write-downs | - | 30 171 |
| equity element of the incentive plan | 3 374 | 1 577 |
| payments towards increasing the share capital of a subsidiary | 3 193 | 7 704 |
| **Decrease due to:** | **323** | **36 229** |
| accounting for a business combination | - | 35 754 |
| accounting for an acquisition of business entities | 119 | - |
| equity element of the incentive plan | 204 | 475 |
| **As at the end of the period** | **63 473** | **57 229** |

### Investments in subsidiaries as at 31.12.2024

| | GOG sp. z o.o. | CD PROJEKT RED Inc. | CD PROJEKT RED Canada Ltd. |
|---|---|---|---|
| Registered office | Warsaw | Waltham | Vancouver |
| Percentage of shares held as at 31.12.2024 | 100% | 100% | 100% |
| Percentage of votes held as at 31.12.2024 | 100% | 100% | 100% |
| Equity investment | 15 798 | 37 419 | 10 256 |

### Investments in subsidiaries as at 31.12.2023

| | GOG sp. z o.o. | CD PROJEKT RED Inc. | CD PROJEKT RED Canada Ltd. |
|---|---|---|---|
| Registered office | Warsaw | Waltham | Vancouver |
| Percentage of shares held as at 31.12.2023 | 100% | 100% | 100% |
| Percentage of votes held as at 31.12.2023 | 100% | 100% | 100% |
| Equity investment | 15 226 | 31 921 | 10 082 |

(all amounts in PLN thousand, unless stated otherwise)

# Note 16. Other financial assets

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Loans granted | 2 748 | 3 225 |
| Bonds | 824 624 | 793 200 |
| Derivative financial instruments | 271 | 18 683 |
| Private equity interests in the gaming sector | 4 980 | 3 518 |
| **Other financial assets, including:** | **832 623** | **818 626** |
| current | 540 486 | 362 719 |
| non-current | 292 137 | 455 907 |

In 2024, CD PROJEKT S.A. did not conclude any new loan agreements.

Under the loan agreement dated 16 September 2022, a loan of USD 1 150 thousand was granted to The Molasses Flood LLC by CD PROJEKT S.A.. The agreement provides for the loan to be disbursed and repaid in tranches. The first tranche of the loan was disbursed in November 2022 and the last in June 2023. In July 2023, The Molasses Flood LLC started repaying the loan. The company has repaid USD 491 thousand so far. The outstanding amount is USD 659 thousand. The initial repayment date of the loan (31 March 2025) was extended and, in accordance with an annex to the loan agreement of 4 March 2025, the repayment of the loan should take place by 31 August 2027. The interest rate on the loan granted is determined based on a variable rate, namely the 90-day Average SOFR, updated quarterly, plus a margin updated annually (in 2024, the margin was 2.2 p.p.).

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

# Note 17. Inventories

| | 31.12.2024 | 31.12.2023* |
|---|---|---|
| Goods for resale | 2 119 | 5 596 |
| Other materials | 3 | 8 |
| **Gross inventories** | **2 122** | **5 604** |
| Inventory write-downs | 320 | 2 028 |
| **Net inventories** | **1 802** | **3 576** |

** restated data*

## Inventories recognized as an expense during the period

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023* |
|---|---|---|
| Cost of inventories sold | 8 074 | 13 617 |
| Write-downs of goods for resale recognized as an expense during the period | - | 2 028 |
| Write-downs of goods for resale reversed during the period | (672) | - |
| **Total** | **7 402** | **15 645** |

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

### Changes in inventory write-downs

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| **Write-downs of goods for resale as at the beginning of the period** | **2 028** | **-** |
| **Increases, including:** | **-** | **2 028** |
| recognition of write-downs against other operating expenses | - | 2 028 |
| **Decreases, including:** | **1 708** | **-** |
| reversal of inventory write-downs against other operating income | 672 | - |
| utilization of inventory write-downs | 1 036 | - |
| **Write-downs of goods for resale as at the end of the period** | **320** | **2 028** |

### Inventories put up as collateral

Not applicable.

## Note 18. Trade receivables

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Trade receivables, gross** | **168 010** | **204 737** |
| **Write-downs** | **117** | **79** |
| **Trade receivables, net** | **167 893** | **204 658** |
| from related entities | 7 449 | 18 475 |
| from other entities | 160 444 | 186 183 |

### Changes in write-downs of trade receivables

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| **OTHER ENTITIES** | | |
| **Write-downs as at the beginning of the period** | **79** | **86** |
| **Increases, including:** | **42** | **7** |
| recognition of write-downs of overdue and disputed receivables | 42 | 7 |
| **Decreases, including:** | **4** | **14** |
| reversal of write-downs | 4 | 14 |
| **Write-downs as at the end of the period** | **117** | **79** |

### Trade receivables claimed in court

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Trade receivables in court | 1 | - |
| Write-downs of disputed receivables | 1 | - |
| **Net trade receivables claimed in court** | **-** | **-** |

(all amounts in PLN thousand, unless stated otherwise)

## Current and overdue trade receivables as at 31.12.2024

| | Total | Not overdue | Overdue, in days | | | | |
|---|---|---|---|---|---|---|---|
| | | | 1 – 60 | 61 – 90 | 91 – 180 | 181 – 360 | >360 |
| **RELATED ENTITIES** | | | | | | | |
| gross receivables | 7 449 | 7 449 | - | - | - | - | - |
| default ratio | | 0% | 0% | 0% | 0% | 0% | 0% |
| write-down resulting from the ratio | - | - | - | - | - | - | - |
| write-down determined individually | - | - | - | - | - | - | - |
| total expected credit losses | - | - | - | - | - | - | - |
| **Net receivables** | **7 449** | **7 449** | **-** | **-** | **-** | **-** | **-** |

| | Total | Not overdue | Overdue, in days | | | | |
|---|---|---|---|---|---|---|---|
| | | | 1 – 60 | 61 – 90 | 91 – 180 | 181 – 360 | >360 |
| **OTHER ENTITIES** | | | | | | | |
| gross receivables | 160 561 | 160 336 | 90 | - | 53 | - | 82 |
| default ratio | | 0% | 0% | 0% | 0% | 0% | 0% |
| write-down resulting from the ratio | - | - | - | - | - | - | - |
| write-down determined individually | 117 | - | - | - | 35 | - | 82 |
| total expected credit losses | 117 | - | - | - | 35 | - | 82 |
| **Net receivables** | **160 444** | **160 336** | **90** | **-** | **18** | **-** | **-** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Total** | | | | | | | |
| gross receivables | 168 010 | 167 785 | 90 | - | 53 | - | 82 |
| impairment write-downs | 117 | - | - | - | 35 | - | 82 |
| **Net receivables** | **167 893** | **167 785** | **90** | **-** | **18** | **-** | **-** |

(all amounts in PLN thousand, unless stated otherwise)

## Current and overdue trade receivables as at 31.12.2023

| | Total | Not overdue | Overdue, in days | | | | |
|---|---|---|---|---|---|---|---|
| | | | 1 – 60 | 61 – 90 | 91 – 180 | 181 – 360 | >360 |
| **RELATED ENTITIES** | | | | | | | |
| gross receivables | 18 475 | 18 475 | - | - | - | - | - |
| default ratio | | 0% | 0% | 0% | 0% | 0% | 0% |
| write-down resulting from the ratio | - | - | - | - | - | - | - |
| write-down determined individually | - | - | - | - | - | - | - |
| total expected credit losses | - | - | - | - | - | - | - |
| **Net receivables** | **18 475** | **18 475** | **-** | **-** | **-** | **-** | **-** |

| | Total | Not overdue | Overdue, in days | | | | |
|---|---|---|---|---|---|---|---|
| | | | 1 – 60 | 61 – 90 | 91 – 180 | 181 – 360 | >360 |
| **OTHER ENTITIES** | | | | | | | |
| gross receivables | 186 262 | 182 867 | 3 303 | 1 | 12 | - | 79 |
| default ratio | | 0% | 0% | 0% | 0% | 0% | 0% |
| write-down resulting from the ratio | - | - | - | - | - | - | - |
| write-down determined individually | 79 | - | - | - | - | - | 79 |
| total expected credit losses | 79 | - | - | - | - | - | 79 |
| **Net receivables** | **186 183** | **182 867** | **3 303** | **1** | **12** | **-** | **-** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Total** | | | | | | | |
| gross receivables | 204 737 | 201 342 | 3 303 | 1 | 12 | - | 79 |
| impairment write-downs | 79 | - | - | - | - | - | 79 |
| **Net receivables** | **204 658** | **201 342** | **3 303** | **1** | **12** | **-** | **-** |

## Trade receivables – by currency

| | 31.12.2024 | | 31.12.2023 | |
|---|---|---|---|---|
| | Value in foreign currency | Value in PLN | Value in foreign currency | Value in PLN |
| PLN* | 165 336 | 165 336 | 193 658 | 193 658 |
| USD | 609 | 2 496 | 2 791 | 10 983 |
| CAD | 21 | 59 | - | - |
| EUR | - | 2 | 4 | 17 |
| **Total** | | **167 893** | | **204 658** |

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

(all amounts in PLN thousand, unless stated otherwise)

# Note 19. Other receivables

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Other gross receivables, including:** | **72 835** | **52 407** |
| tax receivables, other than corporate income tax | 53 728 | 45 998 |
| prepayments for inventories | 9 557 | 3 700 |
| prepayments for development projects | 8 185 | 2 173 |
| settlements with suppliers of property, plant and equipment items | 664 | - |
| security deposits | 440 | 417 |
| prepayments for property, plant and equipment and intangible assets | 225 | 77 |
| settlements with employees | 14 | 23 |
| settlements with the members of the Management Board | - | 3 |
| other | 22 | 16 |
| **Write-downs** | **-** | **-** |
| **Other net receivables, including:** | **72 835** | **52 407** |
| current | 72 435 | 52 031 |
| non-current | 400 | 376 |

Other tax receivables, other than corporate income tax as at 31 December 2024, also include withholding tax in the amount of PLN 31 946 thousand to be deducted by the Company in its annual CIT returns after obtaining certificates from foreign counterparties confirming their payment of tax abroad.

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Other gross receivables** | **72 835** | **52 407** |
| **Write-downs** | **-** | **-** |
| **Other net receivables** | **72 835** | **52 407** |
| from related entities | 3 290 | 3 |
| from other entities | 69 545 | 52 404 |

## Changes in write-downs of other receivables

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| **OTHER ENTITIES** | | |
| **Write-downs as at the beginning of the period** | **-** | **732** |
| **Increase** | - | - |
| **Decreases, including:** | **-** | **732** |
| reversal of write-downs (write-off) | - | 732 |
| **Write-downs as at the end of the period** | **-** | **-** |

## Other receivables claimed in court

None.

(all amounts in PLN thousand, unless stated otherwise)

### Other receivables – by currency

| | 31.12.2024 | | 31.12.2023 | |
|---|---|---|---|---|
| | Value in foreign currency | Value in PLN | Value in foreign currency | Value in PLN |
| PLN* | 63 273 | 63 273 | 48 572 | 48 572 |
| USD | 2 239 | 9 076 | 823 | 3 279 |
| EUR | 106 | 457 | 121 | 526 |
| JPY | 1 092 | 29 | 1 092 | 30 |
| **Total** | | **72 835** | | **52 407** |

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

### Trade and other receivables from related entities

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Receivables from related entities, gross** | **10 739** | **18 478** |
| trade receivables | 7 449 | 18 475 |
| other | 3 290 | 3 |
| **Write-downs** | - | - |
| **Receivables from related entities, net** | **10 739** | **18 478** |

## Note 20. Prepayments and deferred costs

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Software, licences | 9 506 | 9 473 |
| Costs of future marketing services | 1 322 | 1 456 |
| Fees for pre-emptive rights | 1 058 | 1 164 |
| Property and personal insurance | 1 046 | 815 |
| Costs of repairs and maintenance | 495 | 809 |
| Business travel (tickets, hotels, insurance) | 188 | 262 |
| Domains, servers | 26 | 17 |
| Costs in connection with redevelopment of the car park | - | 260 |
| Staff relocation costs | - | 22 |
| Other prepayments and deferred costs | 743 | 783 |
| **Prepayments and deferred costs, including:** | **14 384** | **15 061** |
| current | 10 614 | 10 148 |
| non-current | 3 770 | 4 913 |

(all amounts in PLN thousand, unless stated otherwise)

# Note 21. Cash and cash equivalents

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Cash in hand and at bank** | **397** | **184** |
| current bank accounts | 397 | 184 |
| **Cash equivalents** | **64 471** | **129 299** |
| overnight deposits | 6 821 | 8 310 |
| short-term deposits maturing up to 3 months | 56 620 | 120 220 |
| cash in investment accounts | 1 030 | 769 |
| **Total** | **64 868** | **129 483** |

## Restricted cash and cash equivalents

Not applicable.

# Note 22. Share capital

## Share capital – structure as at 31.12.2024

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

As at 31.12.2024, the Company's share capital amounted to PLN 99 910 510 and consisted of 99 910 510 ordinary bearer shares with a par value of PLN 1 each, designated as A – M series shares. The total number of votes arising from all shares of the Company is 99 910 510.

During the reporting period and after the balance sheet date there were no changes in the amount of the Company's share capital.

## Changes in the share capital

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| **Share capital as at the beginning of the period** | **99 911** | **100 771** |
| **Increase** | - | - |
| **Decrease due to:** | - | **860** |
| redemption of treasury shares | - | 860 |
| **As at the end of the period** | **99 911** | **99 911** |

# Note 23. Treasury shares

### Purchase and redemption of treasury shares

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

# Note 24. Other reserves

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Supplementary capital | 2 025 642 | 1 681 466 |
| Share premium | 116 700 | 116 700 |
| Revaluation reserve | (1 532) | (3 802) |
| Other reserves – incentive plan | 52 069 | 28 493 |
| **Total** | **2 192 879** | **1 822 857** |

(all amounts in PLN thousand, unless stated otherwise)

## Changes in other reserves

| | Supplementary capital | Share premium | Treasury shares | Revaluation reserve | Other reserves – incentive plan | Total |
|---|---|---|---|---|---|---|
| **As at 01.01.2024** | **1 681 466** | **116 700** | **-** | **(3 803)** | **28 494** | **1 822 857** |
| **Increase due to:** | **344 176** | **-** | **-** | **2 271** | **23 925** | **370 372** |
| appropriation of the net profit/ offset of loss | 344 176 | - | - | - | - | 344 176 |
| equity element of the incentive plan | - | - | - | - | 23 925 | 23 925 |
| total comprehensive income | - | - | - | 2 271 | - | 2 271 |
| **Decrease due to:** | **-** | **-** | **-** | **-** | **350** | **350** |
| equity element of the incentive plan | - | - | - | - | 350 | 350 |
| **As at 31.12.2024** | **2 025 642** | **116 700** | **-** | **(1 532)** | **52 069** | **2 192 879** |

(all amounts in PLN thousand, unless stated otherwise)

| | Supplementary capital | Share premium | Treasury shares | Revaluation reserve | Other reserves – incentive plan | Total |
|---|---|---|---|---|---|---|
| **As at 01.01.2023** | **1 539 437** | **116 700** | **(99 993)** | **(7 941)** | **11 718** | **1 559 921** |
| **Increase due to:** | **241 162** | **-** | **99 993** | **4 138** | **18 548** | **363 841** |
| redemption of treasury shares | - | - | 99 993 | - | - | 99 993 |
| appropriation of the net profit/ offset of loss | 241 162 | - | - | - | - | 241 162 |
| equity element of the incentive plan | - | - | - | - | 18 548 | 18 548 |
| total comprehensive income | - | - | - | 4 138 | - | 4 138 |
| **Decrease due to:** | **99 133** | **-** | **-** | **-** | **1 772** | **100 905** |
| redemption of treasury shares | 99 133 | - | - | - | - | 99 133 |
| equity element of the incentive plan | - | - | - | - | 1 772 | 1 772 |
| **As at 31.12.2023** | **1 681 466** | **116 700** | **-** | **(3 803)** | **28 494** | **1 822 857** |

(all amounts in PLN thousand, unless stated otherwise)

## Note 25. Retained earnings/(Accumulated losses)

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Retained earnings/(Accumulated losses) | - | (1 938) |
| Retained earnings of the acquired entity | - | (28 680) |
| **Total** | **-** | **(30 618)** |

### Changes in retained earnings/(accumulated losses)

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| **As at the beginning of the period** | **(30 618)** | **(1 336)** |
| Corrections of errors | - | (1 938) |
| **Retained earnings/(accumulated losses), as adjusted** | **(30 618)** | **(3 274)** |
| **Increase due to:** | **474 705** | **342 409** |
| appropriation of profit/(loss) from previous years | 474 705 | 342 409 |
| **Decrease due to:** | **444 087** | **369 753** |
| payment of dividend | 99 911 | 99 911 |
| transfer to the supplementary capital | 344 176 | 241 162 |
| retained earnings of the acquired entity | - | 28 680 |
| **As at the end of the period** | **-** | **(30 618)** |

## Note 26. Loans and borrowings

None.

## Note 27. Other financial liabilities

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Lease liabilities | 18 421 | 20 958 |
| Derivative financial instruments | 9 927 | - |
| **Total financial liabilities** | **28 348** | **20 958** |
| **Current** | **11 608** | **2 579** |
| up to one month | 403 | 351 |
| from one to three months | 351 | 371 |
| from three months to one year | 10 854 | 1 857 |
| **Non-current, including:** | **16 740** | **18 379** |
| from 1 to 5 years | 1 907 | 3 425 |
| more than 5 years | 14 833 | 14 954 |

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

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

(all amounts in PLN thousand, unless stated otherwise)

# Note 28. Other non-current liabilities

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Other non-current liabilities, including:** | **2 274** | **2 494** |
| liabilities in respect of marketing costs | 1 189 | 1 322 |
| liabilities in respect of pre-emptive rights | 951 | 1 058 |
| security deposits received | 134 | 114 |

## Other non-current liabilities – maturity structure

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Other non-current liabilities, including:** | **2 274** | **2 494** |
| payable after one to three years | 854 | 779 |
| payable after three to five years | 480 | 480 |
| payable after five years | 940 | 1 235 |

## Other non-current liabilities (by currency)

| | 31.12.2024 | | 31.12.2023 | |
|---|---|---|---|---|
| | Value in foreign currency | Value in PLN | Value in foreign currency | Value in PLN |
| PLN | 2 219 | 2 219 | 2 494 | 2 494 |
| EUR | 13 | 55 | - | - |
| **Total** | | **2 274** | | **2 494** |

# Note 29. Trade payables

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Trade payables, including:** | **39 780** | **26 400** |
| to related entities | 23 | 6 095 |
| to other entities | 39 757 | 20 305 |

## Trade payables – ageing analysis

| | Total | Not overdue | Overdue, in days | | | | |
|---|---|---|---|---|---|---|---|
| | | | 1 – 60 | 61 – 90 | 91 – 180 | 181 – 360 | >360 |
| **As at 31.12.2024** | **39 780** | **39 175** | **564** | **-** | **9** | **3** | **29** |
| to related entities | 23 | 23 | - | - | - | - | - |
| to other entities | 39 757 | 39 152 | 564 | - | 9 | 3 | 29 |

| | Total | Not overdue | Overdue, in days | | | | |
|---|---|---|---|---|---|---|---|
| | | | 1 – 60 | 61 – 90 | 91 – 180 | 181 – 360 | >360 |
| **As at 31.12.2023** | **26 400** | **26 091** | **266** | **-** | **2** | **20** | **21** |
| to related entities | 6 095 | 6 095 | - | - | - | - | - |
| to other entities | 20 305 | 19 996 | 266 | - | 2 | 20 | 21 |

(all amounts in PLN thousand, unless stated otherwise)

### Trade payables – maturity analysis

| | Total | Maturity, in days | | | | | |
|---|---|---|---|---|---|---|---|
| | | <30* | 30 – 60 | 61 – 90 | 91 – 180 | 181 – 360 | >360 |
| **As at 31.12.2024** | **39 780** | **23 146** | **16 576** | **8** | **25** | **25** | **-** |
| to related entities | 23 | 23 | - | - | - | - | - |
| to other entities | 39 757 | 23 123 | 16 576 | 8 | 25 | 25 | - |

| | Total | Maturity, in days | | | | | |
|---|---|---|---|---|---|---|---|
| | | <30* | 30 – 60 | 61 – 90 | 91 – 180 | 181 – 360 | >360 |
| **As at 31.12.2023** | **26 400** | **16 783** | **9 433** | **8** | **64** | **45** | **67** |
| to related entities | 6 095 | 4 431 | 1 664 | - | - | - | - |
| to other entities | 20 305 | 12 352 | 7 769 | 8 | 64 | 45 | 67 |

** Overdue liabilities are also presented in the maturity range indicated.*

### Trade payables – by currency

| | 31.12.2024 | | 31.12.2023 | |
|---|---|---|---|---|
| | Value in foreign currency | Value in PLN | Value in foreign currency | Value in PLN |
| PLN | 28 495 | 28 495 | 9 918 | 9 918 |
| USD | 1 685 | 6 909 | 2 673 | 10 519 |
| EUR | 806 | 3 445 | 856 | 3 720 |
| GBP | 135 | 694 | 66 | 331 |
| JPY | 8 610 | 225 | 11 854 | 329 |
| CNY | 22 | 12 | 31 | 17 |
| KRW | - | - | 5 500 | 17 |
| CAD | - | - | 522 | 1 549 |
| **Total** | | **39 780** | | **26 400** |

## Note 30. Other current liabilities

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Taxes (other than corporate income tax), customs duty, social security and other payables** | **5 439** | **6 756** |
| Withholding tax | 55 | 448 |
| Personal income tax | 2 431 | 3 477 |
| Social security contributions | 2 836 | 2 478 |
| PFRON (State Fund for Rehabilitation of Disabled People) | 76 | 70 |
| PIT-8AR (personal income tax) settlements | 41 | 283 |
| **Other liabilities** | **368** | **343** |
| Other settlements with employees | 114 | 102 |
| Other settlements with the members of the Management Board | 11 | 1 |
| Other liabilities | 243 | 240 |
| **Total other current liabilities** | **5 807** | **7 099** |

(all amounts in PLN thousand, unless stated otherwise)

### Other current liabilities – ageing analysis

| | Total | Not overdue | Overdue, in days | | | | |
|---|---|---|---|---|---|---|---|
| | | | 1 – 60 | 61 – 90 | 91 – 180 | 181 – 360 | >360 |
| **As at 31.12.2024** | **5 807** | **5 703** | **103** | **1** | **-** | **-** | **-** |
| to related entities | 10 | - | 10 | - | - | - | - |
| to other entities | 5 797 | 5 703 | 93 | 1 | - | - | - |

| | Total | Not overdue | Overdue, in days | | | | |
|---|---|---|---|---|---|---|---|
| | | | 1 – 60 | 61 – 90 | 91 – 180 | 181 – 360 | >360 |
| **As at 31.12.2023** | **7 099** | **7 007** | **91** | **-** | **-** | **1** | **-** |
| to related entities | 2 | 1 | 1 | - | - | - | - |
| to other entities | 7 097 | 7 006 | 90 | - | - | 1 | - |

### Other current liabilities – by currency

| | 31.12.2024 | | 31.12.2023 | |
|---|---|---|---|---|
| | Value in foreign currency | Value in PLN | Value in foreign currency | Value in PLN |
| PLN | 5 753 | 5 753 | 7 054 | 7 054 |
| USD | 11 | 44 | 7 | 28 |
| EUR | 2 | 10 | 3 | 12 |
| JPY | - | - | 195 | 5 |
| **Total** | | **5 807** | | **7 099** |

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

Not applicable.

## Note 32. Contingent liabilities

### Bills of exchange payable in respect of loans received

Not applicable.

(all amounts in PLN thousand, unless stated otherwise)

## Contingent liabilities in respect of granted guarantees, sureties and collateral

| | Specification | Currency | 31.12.2024 | 31.12.2023 |
|---|---|---|---|---|
| **mBank S.A.** | | | | |
| Bill of exchange agreement | Framework agreement on financial market transactions | PLN | 50 000 | 50 000 |
| Bill of exchange agreement | Bank guarantee securing a rental contract | PLN | 427 | 427 |
| **National Centre for Research and Development** | | | | |
| Bill of exchange agreement | Subsidy agreement POIR.01.02.00-00-0105/16 | PLN | 7 711 | 7 711 |
| Bill of exchange agreement | Subsidy agreement POIR.01.02.00-00-0110/16 | PLN | 3 846 | 3 846 |
| Bill of exchange agreement | Subsidy agreement POIR.01.02.00-00-0112/16 | PLN | 3 692 | 3 692 |
| Bill of exchange agreement | Subsidy agreement POIR.01.02.00-00-0118/16 | PLN | 1 358 | 1 358 |
| Bill of exchange agreement | Subsidy agreement FENG.01.01-IP.01-006A/23-00 | PLN | 14 765 | - |
| **Pekao Leasing Sp. z o.o.** | | | | |
| Bill of exchange agreement | Lease contract 37/1991/21 | PLN | - | 165 |
| **Santander Bank Polska S.A. (formerly: BZ WBK S.A.)** | | | | |
| Bill of exchange agreement | Framework agreement on financial market transactions | PLN | 23 500 | 23 500 |
| **Bank Polska Kasa Opieki Spółka Akcyjna** | | | | |
| Bill of exchange agreement | Framework agreement on financial market transactions | PLN | 50 000 | 50 000 |
| **BNP Paribas Bank Polska S.A.** | | | | |
| Bill of exchange agreement | Framework agreement on financial market transactions | PLN | 26 600 | 26 600 |

(all amounts in PLN thousand, unless stated otherwise)

# Note 33. Lease and sublease contracts

Information on the depreciation of leased assets is presented in Note 3. Interest expense on lease contracts is presented in Note 5. Information on additions to right-of-use assets and the carrying value of right-of-use assets as at the end of the reporting period by category of an underlying asset is presented in Note 11. Note 48 provides information on the total cash outflows from leases.

## Lease liabilities

| Present value of payments | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Within one month | 403 | 351 |
| From one to three months | 351 | 371 |
| From three months to one year | 927 | 1 857 |
| From 1 year to 5 years | 1 907 | 3 425 |
| More than 5 years | 14 833 | 14 954 |
| **Present value of lease payments, including:** | **18 421** | **20 958** |
| current | 1 681 | 2 579 |
| non-current | 16 740 | 18 379 |

## Gross lease commitments (before deduction of finance costs)

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Within one month | 471 | 418 |
| From one to three months | 457 | 493 |
| From three months to one year | 1 320 | 2 356 |
| From 1 year to 5 years | 3 063 | 5 031 |
| More than 5 years | 23 404 | 26 151 |
| **Total** | **28 715** | **34 449** |
| current | 2 248 | 3 267 |
| non-current | 26 467 | 31 182 |

## Income received through subleasing right-of-use assets

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023* |
|---|---|---|
| Revenue | 23 | 32 |
| Costs | 23 | 32 |
| **Income** | - | - |

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

## Lease and sublease contracts as at 31.12.2024

| Leased assets | Lessor | Contract no. | Opening balance | Opening balance (currency) | Currency | Contract expiry date | Liabilities as at the balance sheet date | Terms of extension or possibility of purchase |
|---|---|---|---|---|---|---|---|---|
| **Lease contracts** | | | | | | | | |
| Passenger car | Pekao Leasing Sp. z o.o. | 44/0010/23 with subsequent annexes | 576 | 576 | PLN | 12.05.2025 | 164 | The lessee has the right to purchase the subject matter of the lease - according to the contract, the net residual value is PLN 98 thousand. |
| Passenger car | Pekao Leasing Sp. z o.o. | 44/0285/23 | 535 | 535 | PLN | 01.01.2025 | 229 | Assignment of the lease as from 01.01.2025 |
| Jagiellońska 74 – plots 12 and 13 | State Treasury | Notarial Deed of 31.10.2019 | 8 623 | 8 623 | PLN | 05.12.2089 | 8 318 | The lessee does not have the right to buy back the subject matter of the lease |
| Jagiellońska 74 – plot 14 | Capital City of Warsaw | Notarial Deed of 31.10.2019 | 3 039 | 3 039 | PLN | 12.04.2100 | 2 814 | The lessee does not have the right to buy back the subject matter of the lease |
| Jagiellońska 76 | State Treasury | Notarial Deed of 31.12.2018 | 4 449 | 4 449 | PLN | 05.12.2089 | 4 282 | The lessee does not have the right to buy back the subject matter of the lease |
| Kraków Office | Prestige Property Group Sp. z o.o. | Rental contract of 20.07.2016 with subsequent annexes | 3 715 | 864 | EUR | 31.05.2025 | 509 | The lessee does not have the right to buy back the subject matter of the lease |
| Wrocław Office | Cavatina SPV 12 Sp. z o.o. | Rental contract of 04.11.2022 with subsequent annexes | 2 846 | 640 | EUR | 31.10.2027 | 2 132 | The lessee does not have the right to buy back the subject matter of the lease |
| Lease of computers | De Lage Landen Leasing Polska S.A. | CZ0227/22 | 48 | 48 | PLN | 20.02.2025 | 5 | The lessee has the right to purchase the subject matter of the lease - according to the contract, the net residual value is PLN 0.5 thousand. |
| **Sub-lease contracts** | | | | | | | | |
| Car park - Kraków Office | CD PROJEKT S.A. | Rental contract of 02.05.2023 | 9 | 2 | EUR | 31.05.2025 | 2 | The lessee does not have the right to buy back the subject matter of the lease |
| Car park - Wrocław Office | CD PROJEKT S.A. | Rental contract of 01.10.2023 | 16 | 4 | EUR | 31.10.2027 | 12 | The lessee does not have the right to buy back the subject matter of the lease |
| Car park - Kraków Office | CD PROJEKT S.A. | Rental contract of 02.05.2024 | 9 | 2 | EUR | 31.05.2025 | 7 | The lessee does not have the right to buy back the subject matter of the lease |
| Car park - Wrocław Office | CD PROJEKT S.A. | Rental contract of 08.02.2024 | 15 | 3 | EUR | 31.10.2027 | 11 | The lessee does not have the right to buy back the subject matter of the lease |
| **Total** | | | **23 782** | | | | **18 421** | |

(all amounts in PLN thousand, unless stated otherwise)

## Leases of low-value assets and short-term leases

The Company concluded lease contracts for office equipment (multifunctional photocopiers, kitchen appliances) and residential premises which potentially meet recognition criteria for leases under the new IFRS 16. However, the Company considered these contracts to be short-term leases and leases of low-value assets and decided not to apply the requirements for leases to these assets, as permitted by paragraph 5 of the standard. In such cases, lease payments are charged to costs of the period to which they relate, either on a straight line basis or in some other systematic way that reflects the distribution of costs over the life of the contract (information on the cost of these leases incurred in the period from 1 January to 31 December 2024 is included in Note 3).

As at 31 December 2024 and 31 December 2023, future minimum payments in respect of irrevocable short-term leases and leases of low-value assets were as follows:

| | 31.12.2024 | 31.12.2023* |
|---|---|---|
| Up to 1 year | 358 | 432 |
| From 1 year to 5 years | 221 | 156 |
| **Total** | **579** | **588** |

** restated data*

# Note 34. Deferred income

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Subsidies** | **2 296** | **3 211** |
| Animation Excellence (GameINN) | 462 | 692 |
| City Creation (GameINN) | 925 | 1 388 |
| Cinematic Feel (GameINN) | 443 | 665 |
| Polaris | 466 | 466 |
| **Deferred income** | **8 109** | **5 991** |
| Sales relating to future periods | 8 062 | 5 931 |
| Rental of company phones | 47 | 60 |
| **Total deferred income, including:** | **10 405** | **9 202** |
| current | 8 740 | 6 887 |
| non-current | 1 665 | 2 315 |

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

(all amounts in PLN thousand, unless stated otherwise)

# Note 35. Provision for retirement and similar benefits

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Provision for retirement and disability bonuses | 839 | 508 |
| Holiday pay provision | 6 902 | 6 403 |
| **Total, including:** | **7 741** | **6 911** |
| current | 6 914 | 6 414 |
| non-current | 827 | 497 |

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

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Discount rate (%) | 5.61 | 4.98 |
| Expected inflation rate (%) | 5.61 | 4.98 |
| Employee turnover rate (%) - Age average | 9.4% - 35 years | 10.7% - 34 years |
| Expected salary growth rate (%) | 5.4% - 2025; 7.1% - 2026; 7.4% - 2027; 5.4% - 2028 and subsequent years | 4% - years 2024 and 2025; 6.8% - 2026; 4% - subsequent years |
| CSO mortality tables for the year | 2023 | 2022 |
| Probability of disability during the year | 0.1% | 0.1% |

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

## Changes in provisions for retirement and disability benefits

| | Provisions for retirement and disability bonuses | Holiday pay provision | Total |
|---|---|---|---|
| **As at 01.01.2024** | **508** | **6 403** | **6 911** |
| Provision recognized | 331 | 6 902 | 7 233 |
| Provisions utilized/released | - | 6 403 | 6 403 |
| **As at 31.12.2024, including:** | **839** | **6 902** | **7 741** |
| current | 12 | 6 902 | 6 914 |
| non-current | 827 | - | 827 |

| | Provisions for retirement and disability bonuses | Holiday pay provision | Total |
|---|---|---|---|
| **As at 01.01.2023** | **348** | **4 145** | **4 493** |
| Provision recognized | 160 | 6 403 | 6 563 |
| Provisions utilized/released | - | 4 145 | 4 145 |
| **As at 31.12.2023, including:** | **508** | **6 403** | **6 911** |
| current | 11 | 6 403 | 6 414 |
| non-current | 497 | - | 497 |

(all amounts in PLN thousand, unless stated otherwise)

# Note 36. Other provisions

| | 31.12.2024 | 31.12.2023* |
|---|---|---|
| **Provision for liabilities, including:** | **96 122** | **78 002** |
| provision for costs of performance-related and other remuneration | 56 713 | 49 198 |
| provision for costs of the audit and review of the financial statements | 128 | 166 |
| provision for costs of external services | 21 907 | 11 525 |
| provision for other costs | 17 374 | 17 113 |
| **Total, including:** | **96 122** | **78 002** |
| current | 96 122 | 64 593 |
| non-current | - | 13 409 |

* restated data

## Changes in other provisions

| | Provision for costs of performance-related and other remuneration | Other provisions | Total |
|---|---|---|---|
| **As at 01.01.2024** | **49 198** | **28 804** | **78 002** |
| Provisions recorded during the year | 56 713 | 141 675 | 198 388 |
| Provisions utilized/released | 49 198 | 131 070 | 180 268 |
| **As at 31.12.2024, including:** | **56 713** | **39 409** | **96 122** |
| current | 56 713 | 39 409 | 96 122 |
| non-current | - | - | - |

| | Provision for costs of performance-related and other remuneration | Other provisions | Total |
|---|---|---|---|
| **As at 01.01.2023** | **67 121** | **26 698** | **93 819** |
| Provisions recorded during the year | 49 198 | 81 594 | 130 792 |
| Provisions utilized/released | 67 121 | 79 488 | 146 609 |
| **As at 31.12.2023, including:** | **49 198** | **28 804** | **78 002** |
| current | 49 198 | 15 395 | 64 593 |
| non-current | - | 13 409 | 13 409 |

(all amounts in PLN thousand, unless stated otherwise)

# Note 37. Information on financial instruments

## Fair values of specific classes of financial instruments

The Management Board of the Company has analysed specific classes of financial instruments. Based on the analysis, it was concluded that the carrying amounts of the instruments did not differ materially from their fair values as at both 31 December 2024 and 31 December 2023.

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **LEVEL 1** | | |
| **Assets measured at fair value** | | |
| **Assets measured at fair value through other comprehensive income** | **239 103** | **224 485** |
| bonds issued by foreign governments - EUR | 22 105 | 21 831 |
| bonds issued by foreign governments - USD | 216 998 | 202 654 |
| **LEVEL 2** | | |
| **Assets measured at fair value through profit or loss** | | |
| **Derivatives** | **271** | **18 683** |
| currency forwards - EUR | 271 | 1 161 |
| currency forwards - USD | - | 17 522 |
| **Private equity interests in the gaming sector** | **4 980** | **3 518** |
| private equity interests in the gaming sector - SEK | 933 | 980 |
| private equity interests in the gaming sector - USD | 4 047 | 2 538 |
| **Liabilities measured at fair value through profit or loss** | | |
| **Derivatives** | **9 927** | **-** |
| currency forwards - JPY | 307 | - |
| currency forwards - USD | 9 620 | - |

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

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

Level 2 – fair value based on observable market data.

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

(all amounts in PLN thousand, unless stated otherwise)

## Financial assets – classification and measurement

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Financial assets measured at amortized cost** | **1 343 954** | **1 244 662** |
| Other non-current receivables | 400 | 376 |
| Trade receivables | 167 893 | 204 658 |
| Cash and cash equivalents | 64 868 | 129 483 |
| Bank deposits over 3 months | 522 524 | 338 205 |
| Treasury bonds and bonds guaranteed by the State Treasury | 585 521 | 568 715 |
| Loans granted | 2 748 | 3 225 |
| **Financial assets measured at cost** | **63 473** | **57 229** |
| Investments in subordinated entities | 63 473 | 57 229 |
| **Assets measured at fair value through other comprehensive income** | **239 103** | **224 485** |
| Bonds issued by foreign governments | 239 103 | 224 485 |
| **Financial assets at fair value through profit or loss** | **5 251** | **22 201** |
| Derivative financial instruments | 271 | 18 683 |
| Private equity interests in the gaming sector | 4 980 | 3 518 |
| **Total financial assets** | **1 651 781** | **1 548 577** |

## Financial liabilities – classification and measurement

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Financial liabilities measured at amortized cost** | **58 201** | **47 358** |
| Trade payables | 39 780 | 26 400 |
| Other financial liabilities | 18 421 | 20 958 |
| **Financial liabilities at fair value through profit or loss** | **9 927** | **-** |
| Derivative financial instruments | 9 927 | - |
| **Total financial liabilities** | **68 128** | **47 358** |

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

- the purpose of investments in domestic and foreign Treasury bonds and domestic and foreign bonds guaranteed by the governments is to hold them to maturity and to collect contractual cash flows;
- investment mandates for managing the foreign Treasury bonds portfolio (bonds issued by or secured with a guarantee of foreign governments) allow bonds to be sold before maturity as part of the adopted strategy;
- all bonds purchased meet the SPPI test.

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

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

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

(all amounts in PLN thousand, unless stated otherwise)

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **LEVEL 1** | | |
| **Fair value of assets measured at amortized cost** | **583 156** | **565 473** |
| Polish Treasury bonds and bonds guaranteed by the Polish State Treasury | 583 156 | 565 473 |

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

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

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

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

(all amounts in PLN thousand, unless stated otherwise)

## Gains and losses on financial assets and liabilities

| 01.01.2024 – 31.12.2024 | Financial assets measured at amortized cost | | | | Financial assets measured at cost | Financial assets and financial liabilities measured at fair value through profit or loss | | Financial assets measured at fair value through other comprehen-sive income | Financial liabilities measured at amortized cost | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Trade receivables | Polish Treasury bonds and bonds guaranteed by the Polish State Treasury | Loans granted | Cash and cash equivalents and bank deposits over 3 months | Investments in subordinated entities | Derivative financial instruments | Private equity interests in the gaming sector | Foreign bonds | Trade payables | Other financial liabilities | |
| Interest income/ (expense) | - | 29 863 | 217 | 25 500 | - | - | - | 7 289 | - | (700) | **62 169** |
| Write-downs recognized | (42) | - | - | - | - | - | - | - | - | - | **(42)** |
| Write-downs reversed | 4 | - | - | - | - | - | - | - | - | - | **4** |
| Gains/(losses) on disposal of debt instruments | - | - | - | - | - | - | - | (3 927) | - | - | **(3 927)** |
| Commission and fees on purchase of debt instruments | - | - | - | - | - | - | - | (280) | - | - | **(280)** |
| Measurement of a forward contract | - | - | - | - | - | (9 118) | - | - | - | - | **(9 118)** |
| Measurement of private equity interests in the gaming sector | - | - | - | - | - | - | 31 | - | - | - | **31** |
| Measurement of foreign bonds | - | - | - | - | - | - | - | 2 271 | - | - | **2 271** |
| **Total gains/(losses)** | **(38)** | **29 863** | **217** | **25 500** | **-** | **(9 118)** | **31** | **5 353** | **-** | **(700)** | **51 108** |

(all amounts in PLN thousand, unless stated otherwise)

| 01.01.2023 – 31.12.2023 | Financial assets measured at amortized cost | | | | Financial assets measured at cost | Financial assets measured at fair value through profit or loss | | Financial assets and financial liabilities measured at fair value through other comprehen-sive income | Financial liabilities measured at amortized cost | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Trade receivables | Polish Treasury bonds and bonds guaranteed by the Polish State Treasury | Loans granted | Cash and cash equivalents and bank deposits over 3 months | Investments in subordinated entities | Derivative financial instruments | Private equity interests in the gaming sector | Foreign bonds | Trade payables | Other financial liabilities | |
| Interest income/ (expense) | - | 13 583 | 264 | 27 272 | - | - | - | 6 052 | (3) | (775) | **46 393** |
| Write-downs recognized | (7) | - | - | - | - | - | - | - | - | - | **(7)** |
| Write-downs reversed | 14 | - | - | - | 30 171 | - | - | - | - | - | **30 185** |
| Gains/(losses) on disposal of debt instruments | - | - | - | - | - | - | - | 2 259 | - | - | **2 259** |
| Commission and fees on purchase of debt instruments | - | - | - | - | - | - | - | (284) | - | - | **(284)** |
| Measurement of a forward contract | - | - | - | - | - | 37 955 | - | - | - | - | **37 955** |
| Measurement of private equity interests in the gaming sector | - | - | - | - | - | - | (85) | - | - | - | **(85)** |
| Measurement of foreign bonds | - | - | - | - | - | - | - | 4 138 | - | - | **4 138** |
| **Total gains/(losses)** | **7** | **13 583** | **264** | **27 272** | **30 171** | **37 955** | **(85)** | **12 165** | **(3)** | **(775)** | **120 554** |

(all amounts in PLN thousand, unless stated otherwise)

## Financial risk management objectives and policies

**Credit risk**

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

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

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

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

**Liquidity risk**

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

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

The pillars of liquidity risk management are as follows:

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

As at 31 December 2024, CD PROJEKT S.A. held bank deposits with a carrying amount of PLN 585 965 thousand.

| Maturity of the deposit | Carrying amount |
|---|---|
| Quarter 1 of 2025 | 326 483 |
| Quarter 2 of 2025 | 174 292 |
| Quarter 3 of 2025 | 85 190 |
| **Total carrying amount** | **585 965** |

(all amounts in PLN thousand, unless stated otherwise)

As at 31 December 2024, CD PROJEKT S.A. held Treasury bonds with a carrying amount of PLN 824 624 thousand.

| Bonds by country of issuer as at 31.12.2024 | S&P | Fitch | Moody's | Carrying amount |
|---|---|---|---|---|
| Poland | A- | A- | A2 | 585 522 |
| USA | AA+ | AA+ | Aaa | 154 130 |
| Germany | AAA | AAA | Aaa | 37 944 |
| Austria | AA+ | AA+ | Aa1 | 19 797 |
| Canada | AAA | AA+ | Aaa | 17 165 |
| Finland | AA+ | AA+ | Aa1 | 10 066 |
| **Total carrying amount** | | | | **824 624** |

Bond portfolio as at 31.12.2023 by instrument maturity

| Redemption date of purchased bonds as at 31.12.2024 | Carrying amount |
|---|---|
| 2025 | 384 331 |
| 2026 | 371 358 |
| 2027 | 61 674 |
| 2028 | 7 261 |
| **Total carrying amount** | **824 624** |

**Currency risk**

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

The majority of publishing and distribution contracts to which CD PROJEKT S.A. is a party as the game developer are based on settlement in foreign currencies – mainly in USD and EUR. Therefore, the weakening of the USD or EUR exchange rate in relation to PLN is an undesirable scenario for the Company, resulting in a reduction in sales revenue.

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

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

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

In addition, when purchasing services of a material value and a certain acquisition date in foreign currencies, the Company hedges the exchange rate by entering into forward currency purchase transactions.

The value of forward contracts concluded as at 31.12.2024 is presented in the table below.

| Forward contract currency | Value of forward contracts in foreign currency | Value of forward contracts in PLN at forward exchange rates | Fair value measurement of forward contracts as at 31.12.2024 in PLN |
|---|---|---|---|
| EUR | 5 100 | 22 449 | 271 |
| JPY | 275 000 | 7 585 | (307) |
| USD | 69 740 | 279 015 | (9 620) |
| **Total** | | | **(9 656)** |

In accordance with the adopted policy of diversifying investments of current cash surpluses, CD PROJEKT S.A. may hold up to 15% of total funds in unhedged positions in USD and EUR. As at 31 December 2024, the Company had an unhedged position in foreign currencies amounting to USD 1 632 thousand and EUR 347 thousand.

(all amounts in PLN thousand, unless stated otherwise)

**Interest rate and inflation risk**

Risk description: The condition of the global economy, including the effects of global political or economic crises may affect the Company's business, financial position and results. An adverse macroeconomic or political situation may result in difficulties in access to finance, changes in the prices of goods, services and products, conservative consumer attitudes or the emergence of restrictions on sales opportunities as a consequence of economic sanctions or local regulations introduced.

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

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

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

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

**Sensitivity analysis**

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

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

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

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

| | Impact on net profit or loss | | | | Impact on equity | | |
|---|---|---|---|---|---|---|---|
| | EUR | USD | Other currencies | Total | EUR | USD | Total |
| Exchange rate fluctuations | 5% | 5% | 5% | | 5% | 5% | |
| **As at 31.12.2024** | | | | | | | |
| Exchange rate growth | (24) | (4 094) | (358) | **(4 476)** | 1 105 | 10 850 | **11 955** |
| Exchange rate decline | 24 | 4 094 | 358 | **4 476** | (1 105) | (10 850) | **(11 955)** |
| **As at 31.12.2023** | | | | | | | |
| Exchange rate growth | - | (3 008) | (77) | **(3 085)** | 1 092 | 10 133 | **11 225** |
| Exchange rate decline | - | 3 008 | 77 | **3 085** | (1 092) | (10 133) | **(11 225)** |

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

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

| | 31.12.2024 | | 31.12.2023 | |
|---|---|---|---|---|
| | Interest rate fluctuations | Impact on net profit or loss | Interest rate fluctuations | Impact on net profit or loss |
| Interest rate growth | 1 p.p. | 6 901 | 1 p.p. | 5 709 |
| Interest rate decline | 1 p.p. | (6 901) | 1 p.p. | (5 709) |

## Fair value change risk relating to the valuation of financial instruments held, measured at fair value, which depends on the volatility of market prices

| | 31.12.2024 | | | 31.12.2023 | | |
|---|---|---|---|---|---|---|
| | Fluctuation amount | Impact on equity | Impact on net profit or loss | Fluctuation amount | Impact on equity | Impact on net profit or loss |
| Fair value growth | 1 p.p. | 2 391 | (47) | 1 p.p. | 2 245 | 222 |
| Fair value decline | 1 p.p. | (2 391) | 47 | 1 p.p. | (2 245) | (222) |

(all amounts in PLN thousand, unless stated otherwise)

# Note 38. Capital management

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

The Company manages the capital structure and introduces changes to it based on changes in economic circumstances. In order to maintain or adjust the capital structure, the Company may pay a dividend to the shareholders, buy back its treasury shares from the market or issue new shares. The Company monitors its capital balances using the leverage ratio, which is calculated as the ratio of net debt to total equity plus net debt. As at 31 December 2024, the balance of the Company's cash and cash equivalents and bank deposits was greater than its trade and other payables, thus the Company had a positive net cash balance.

# Note 39. Employee benefit programmes

## Incentive plans for the years 2023–2027

Based on the resolutions of the Company's General Meeting of 18 April 2023, two new incentive plans for the financial years 2023-2027 were introduced on that date, replacing the Incentive Plan for the years 2022-2025: Incentive Plan A and Incentive Plan B.

**Incentive Plan A**

Incentive Plan A is addressed to persons who are not members of the Management Board of the Company. The assumptions are that the entitlements in this plan will be granted in each of the financial years 2023-2027 (i.e. in five phases). A maximum of 1 500 000 entitlements may be granted under the entire Incentive Plan A. The entitlements will be realized alternatively through: (i) offering participants to subscribe for warrants entitling them to subscribe for an identical number of shares in the Company issued as part of the conditional share capital increase, or (ii) offering participants to purchase from the Company treasury shares acquired by the Company as part of a buy-back carried out for this purpose. Taking up and exercising the rights from the subscription warrants or, as the case may be, the purchase of the Company's shares by the participant under Incentive Plan A will be conditional upon meeting the loyalty criterion (understood as participants of Incentive Plan A remaining in a legal relationship with the Company or its related entity during the vesting period). The price of taking up or acquiring the Company's shares as part of executing entitlements under Plan A will correspond to the nominal value of the Company's shares. The vesting period will be 3 years as a minimum in each case.

As part of Phase 1 of Incentive Plan A (in 2023), 100 444 entitlements were granted, of which 89 960 entitlements remain active.

As part of Phase 2 of Incentive Plan A (in 2024), 183 189 entitlements were granted, of which 170 700 entitlements remain active.

## Assumptions made for the valuation of Incentive Plan A for the years 2023-2027 – Phase 1

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

## Assumptions made for the valuation of Incentive Plan A for the years 2023-2027 – Phase 2

| Date of vesting | CDR volatility ratio | Risk-free interest rate |
|---|---:|---:|
| Entitlements granted on 08.03.2024 | 43% | 5.1% |
| Entitlements granted on 10.03.2024 | 43% | 5.1% |

(all amounts in PLN thousand, unless stated otherwise)

## Changes in entitlements granted under Incentive Plan A for the years 2023-2027 – Phases 1 and 2

| Specification | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| | Number of entitlements in pcs | |
| **Unrealized as at the beginning of the period** | **1 500 000** | **-** |
| **Granted, unrealized as at the beginning of the period** | **94 051** | **-** |
| Granted during the period | 183 189 | 100 444 |
| Forfeited during the period* | 16 580 | 6 393 |
| **Unrealized as at the end of the period** | **1 500 000** | **1 500 000** |
| **Granted, unrealized as at the end of the period** | **260 660** | **94 051** |

** All forfeitures by the date of publication of the financial statements for a given period*

### Measurement Date

During 2023, the Company granted entitlements to participate in the plan in four tranches, and during 2024 in two tranches (in both periods in accordance with the relevant resolutions of the Management Board).

The fair value of the entitlements awarded in 2023 and 2024 was measured as at the grant date using financial engineering methods and numerical methods (which are a development of the so-called Black-Scholes-Merton model) by a licensed actuary entered in the register of actuaries maintained by the Polish Financial Supervision Authority in accordance with the information in the table above.

### Classification of measurement conditions

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

### Number of shares as at the grant date

As at the date of granting entitlements under Incentive Plan A in 2023 (Phase 1), the Company had 100 770 800 shares in issue. As at the date of granting entitlements under Incentive Plan A in 2024 (Phase 1), the Company had 99 910 510 shares in issue.

**Incentive Plan B**

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

As part of Phase 1 of Incentive Plan B (in 2023), 662 000 entitlements were granted, of which 656 000 entitlements remain active.

As part of Phase 2 of Incentive Plan B (in 2024), 723 500 entitlements were granted, of which 723 500 entitlements remain active.

(all amounts in PLN thousand, unless stated otherwise)

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

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

The performance-related condition for entitlements awarded in Phase 1 of Incentive Plan B for the years 2023-2026 (in the financial year 2023) is PLN 2 billion, and the performance-related condition for entitlements awarded in Phase 2 of Incentive Plan B for the years 2024-2027 (in the financial year 2024) is PLN 3 billion, whereas the performance-related condition for entitlements awarded in Phase 3 of Incentive Plan B for the years 2025-2028 (in the financial year 2025) was set at PLN 4 billion.

For each of the successive phases of Incentive Plan B beginning in the financial years 2026 and 2027, the performance-related condition for entitlements awarded in these phases for the relevant periods of four financial years will be determined by resolutions of the General Meeting of the Company (at the request of the Company's Management Board).

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

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

## Assumptions made for the valuation of Incentive Plan B for the years 2023-2027 – Phase 1

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

## Assumptions made for the valuation of Incentive Plan B for the years 2023-2027 – Phase 2

| Date of vesting | CDR volatility ratio | WIG volatility ratio | WIG correlation ratio | Risk-free interest rate |
|---|---|---|---|---|
| Entitlements granted on 08.03.2024 | 43% | 21% | 42% | 4.9% |
| Entitlements granted on 10.03.2024 | 43% | 21% | 42% | 4.9% |

## Changes in entitlements granted under Incentive Plan B for the years 2023-2027 – Phases 1 and 2

| Specification | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| | Number of entitlements in pcs | |
| **Unrealized as at the beginning of the period** | **3 500 000** | **-** |
| **Granted, unrealized as at the beginning of the period** | **656 000** | **-** |
| Granted during the period | 723 500 | 662 000 |
| Forfeited during the period* | - | 6 000 |
| **Unrealized as at the end of the period** | **3 500 000** | **3 500 000** |
| **Granted, unrealized as at the end of the period** | **1 379 500** | **656 000** |

** All forfeitures by the date of publication of the financial statements for a given period*

## Measurement Date

During 2023, the Company granted entitlements to participate in the plan in one tranche, and during 2024 in two tranches (in both periods in accordance with the relevant resolutions of the Management Board or the Supervisory Board).

The fair value of the entitlements awarded in 2023 and 2024 was measured as at the grant date using financial engineering methods and numerical methods (which are a development of the so-called Black-Scholes-Merton model) by a licensed actuary entered in the register of actuaries maintained by the Polish Financial Supervision Authority in accordance with the information in the table above.

(all amounts in PLN thousand, unless stated otherwise)

### Classification of measurement conditions

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

### Number of shares as at the grant date

As at the date of granting entitlements under Incentive Plan B in 2023 (Phase 1), the Company had 100 770 800 shares in issue. As at the date of granting entitlements under Incentive Plan B in 2024 (Phase 2), the Company had 99 910 510 shares in issue.

## Note 40. Transactions with related entities

### Terms and conditions of transactions with related entities

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

## Transactions with related entities

| | Sales to related entities | | Purchases from related entities | | Receivables from related entities | | Liabilities to related entities | |
|---|---|---|---|---|---|---|---|---|
| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 | 31.12.2024 | 31.12.2023 | 31.12.2024 | 31.12.2023* |
| **SUBSIDIARIES** | | | | | | | | |
| GOG sp. z o.o. | 17 025 | 43 593 | 371 | 1 340 | 5 295 | 16 013 | 125 | 178 |
| CD PROJEKT RED Inc. | 1 210 | 1 241 | 46 137 | 19 898 | 3 958 | 1 040 | 5 400 | 2 802 |
| CD PROJEKT RED Canada Ltd. | 211 | 30 | 16 200 | 17 716 | 1 442 | 1 422 | 1 746 | 1 549 |
| The Molasses Flood LLC | 129 | 2 | 31 003 | 44 592 | 2 792 | 3 225 | 3 006 | 1 704 |
| CD PROJEKT SILVER Inc. | - | - | 1 295 | - | - | - | - | - |
| **MANAGEMENT BOARD OF THE COMPANY, SUPERVISORY BOARD MEMBERS AND OTHER RELATED ENTITIES** | | | | | | | | |
| Marcin Iwiński | 1 | 1 | - | - | - | 1 | - | - |
| Adam Kiciński | 1 | 1 | - | - | - | - | - | 1 |
| Piotr Nielubowicz | 1 | 1 | - | - | - | 2 | - | - |
| Michał Nowakowski | 2 | 1 | - | - | - | - | 10 | - |
| Adam Badowski | 1 | 2 | - | - | - | - | 1 | - |
| Paweł Zawodny | - | 6 | - | - | - | - | - | - |
| Maciej Nielubowicz | 1 | 1 | - | - | - | - | - | - |
| Karolina Kicińska | - | - | - | - | - | - | 173 | - |

** restated data*

(all amounts in PLN thousand, unless stated otherwise)

# Note 41. Remuneration of the senior management and the Supervisory Board

## Remuneration paid to the Management Board members

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023* |
|---|---|---|
| Fixed remuneration (basic remuneration for the functions performed and under other contracts with the Company) | 4 396 | 4 042 |
| Fixed remuneration (additional benefits) | 59 | 59 |
| Variable remuneration (programme settled on a short-term basis and bonuses linked to the financial result)** | 41 856 | 32 714 |
| **Total** | **46 311** | **36 815** |

** restated data*

*** Variable component of the remuneration, paid in a given period and linked to the results of operations for the prior period, resulting from the incentive plan for the Management Board in place at the Company, settled on a short-term basis annually and dependent on the combined level of the Group's net profit.*

Detailed information on the remuneration under the incentive plan settled on a long-term basis, i.e. in entitlements to the Company's shares, is provided in the Management Board Report on the CD PROJEKT Group's activities in the period from 1 January to 31 December 2024.

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

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023* |
|---|---|---|
| Fixed remuneration (basic remuneration for the functions performed and under other contracts with the Company) | 9 748 | 8 391 |
| Fixed remuneration (additional benefits) | 520 | 367 |
| Variable remuneration (programme settled on a short-term basis and bonuses linked to the financial result) | 5 611 | 4 840 |
| **Total** | **15 879** | **13 598** |

** restated data*

## Benefits paid to the members of the Supervisory Board

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023* |
|---|---|---|
| Fixed remuneration (basic remuneration for the functions performed and under other contracts with the Company) | 1 020 | 1 020 |
| Fixed remuneration (additional benefits) | 1 | - |
| **Total** | **1 021** | **1 020** |

** restated data*

# Note 42. Number of employees

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

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| Average number of employees | 507 | 534 |
| **Total** | **507** | **534** |

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

(all amounts in PLN thousand, unless stated otherwise)

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

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Number of employees (in persons) | 524 | 520 |
| **Total** | **524** | **520** |

### Employee turnover

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| Number of new employees | 68 | 80 |
| Number of dismissed employees* | 50 | 83 |
| **Total** | **18** | **(3)** |

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

### Employment in research and development activities

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| Number of employees | 263 | 266 |
| **Total** | **263** | **266** |

## Note 43. Capitalization of borrowing costs

Not applicable.

## Nota 44. Tax settlements

Tax settlements and other areas of activities regulated by the tax law may be subject to inspections by administrative bodies which are entitled to impose high penalties or sanctions. The lack of reference to established legal regulations in Poland results in ambiguities and inconsistencies in the binding regulations. Frequent differences of opinion as to the legal interpretation of tax regulations, both internally within the state bodies and between the state bodies and enterprises, result in areas of uncertainty and conflict arising. Due to these factors, the tax risk in Poland is considerably higher than that usually existing in countries with more developed tax systems.

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

Following the fulfilment of the criteria set out in Article 19 of the Act of 30 May 2008 on certain forms of innovation support (consolidated text, Journal of Laws of 2022, item 2474), the Minister of Development and Technology, by decision No. DNP-V.4241.23.2024.4 of 4 October 2024, maintained the status of a research and development centre granted to the Company by decision 4/CBR/18 of 19 June 2018. The status allows the Company to use the research and development relief provided for in the Act of 15 February 1992 on corporate income tax (consolidated text, Journal of Laws of 2025, item 278, hereinafter the "CIT Act").

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

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

(all amounts in PLN thousand, unless stated otherwise)

# Note 45. Post balance sheet events

On 8 January 2025, in current report no. 2/2025, the Management Board of the Company informed that the first meeting of the Company's Supervisory Board of the new term of office was held. During the meeting:

(i) Mr. Adam Kiciński and Mr. Marcin Iwiński were both elected to perform the role of Chair of the Supervisory Board of the new term, in consequence of which each of them will have a title of Co-Chair of the Supervisory Board, in accordance with the Company's Articles of Association;

(ii) Mr. David Gardner was elected to perform the role of the Deputy Chair of the Supervisory Board of the new term;

(iii) the Audit Committee of the new term was elected with the following composition: Professor Agnieszka Słomka-Gołębiowska, Ms. Beata Cichocka-Tylman, Mr. Adam Kiciński. The role of Chair of the Audit Committee was entrusted to Professor Agnieszka Słomka-Gołębiowska.

For more information, including the curricula vitae and statements of the selected persons, see the aforementioned current report.

On 15 January 2025, in current report no. 3/2025, the Management Board informed that it had passed a resolution on adopting the Dividend Policy of CD PROJEKT S.A. which will apply to the dividend for the financial year 2025 and subsequent years. The full contents of the adopted Policy are attached to the aforesaid current report.

In March 2025, new entitlements under Phase 3 of the Incentive Plans A and B for 2023-2027 were granted to the participants of the Plans. As a result, by the date of preparation of these financial statements, 123 186 entitlements were awarded in Phase 3 of the Incentive Plan A, of which 122 915 entitlements remain active, and 740 500 – of the Incentive Plan B. All entitlements awarded as part of Phase 3 of the Incentive Plan B are active as at the date of preparation of these financial statements.

In March 2025, the share capital of CD PROJEKT RED Inc. was increased by USD 708 thousand to USD 8 628 thousand. The increased value of the existing shares was paid up in full with a cash contribution made by the Company. The purpose of the capital increase was to enable the payment of the first tranche of the price for the total of 100 000 shares in The Molasses Flood LLC. In accordance with the agreements concluded with minority shareholders on 12 and 18 March 2025, the ownership title to the said shares will pass on to CD PROJEKT RED Inc. on 31 March 2025. As a result, CD PROJEKT RED Inc. will become the owner of 100% (i.e. 550 000) of the shares in that company. It is the intention of the Board of Director of CD PROJEKT RED Inc. to conduct a business combination of The Molasses Flood LLC as the acquired company and its sole shareholder CD PROJEKT RED Inc. as the acquiring company. The planned business combination is aimed at further integrating the team and the work conducted by The Molasses Flood LLC with the development structure and processes of the CD PROJEKT RED studio and simplifying the structure of the Group.

# Note 46. Transactions with entities performing the audits of the financial statements

| Fees paid or payable for the financial year | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| for the audit of the annual financial statements and the separate financial statements | 150 | 150 |
| for other assurance services, including reviews of the financial statements and consolidated financial statements | 206 | 89 |
| **Total** | **356** | **239** |

(all amounts in PLN thousand, unless stated otherwise)

# Note 47. Explanations to the statement of cash flows

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| **Cash and cash equivalents reported in the statement of cash flows** | **64 868** | **129 483** |
| Cash and cash equivalents in the balance sheet | 64 868 | 129 483 |
| **Depreciation and amortization** | **12 148** | **12 340** |
| Amortization of intangible assets | 2 549 | 2 128 |
| Depreciation of property, plant and equipment | 9 590 | 10 192 |
| Depreciation of investment properties | 9 | 20 |
| **Foreign exchange (gains)/losses arise on the following items:** | **(16 204)** | **28 089** |
| Foreign exchange gains/(losses) on measurement of bonds | (12 531) | 27 841 |
| Foreign exchange gains/(losses) on measurement of private equity interests in the gaming sector | (133) | 420 |
| Foreign exchange gains/(losses) on measurement of loans granted as at the balance sheet date | (170) | 203 |
| Foreign exchange gains/(losses) losses on measurement of bank deposits over 3 months | (3 324) | - |
| Foreign exchange gains/(losses) on measurement of leases | (46) | (375) |
| **Interest and shares in profits comprise:** | **(62 169)** | **(46 396)** |
| Interest on bank deposits | (25 500) | (27 272) |
| Interest on bonds | (37 152) | (19 635) |
| Interest accrued on loans granted | (217) | (264) |
| Interest on lease contracts | 700 | 775 |
| **(Gains)/losses on investing activities result from the following items:** | **18 680** | **(87 855)** |
| Sale of property, plant and equipment | (181) | (152) |
| Net carrying amount of property, plant and equipment | 5 | 80 |
| Net carrying amount of non-current assets scrapped | 2 | 396 |
| Net carrying amount of intangible assets liquidated and expenditure on development projects | - | 2 746 |
| Net carrying amount of investment properties scrapped | - | 737 |
| Impairment write-downs of property, plant and equipment, intangible assets, investment properties and expenditure on development projects | 4 615 | - |
| Reversal of write-downs of shares in subsidiaries | - | (30 171) |
| Reversal of impairment write-downs of property, plant and equipment, intangible assets and expenditure on development projects | - | (21 531) |
| Disclosure of property, plant and equipment and intangible assets | - | (4) |
| Settlement and measurement of derivative financial instruments | 10 063 | (37 955) |
| Measurement of private equity interests in the gaming sector | (31) | 85 |
| Commission and fees on purchase of bonds | 280 | 284 |
| Proceeds from redemption of bonds | (77 198) | (69 564) |
| Value of bonds purchased | 81 125 | 67 305 |
| Settlement of lease contracts terminated | - | (111) |
| **Changes in provisions result from the following items:** | **2 195** | **6 604** |
| Increase/(Decrease) in provisions for liabilities | 18 120 | (15 817) |
| Increase/(Decrease) in provisions for employee benefits | 830 | 2 418 |
| Increase/(Decrease) in provisions for costs of performance-related remuneration and other provisions recognized under expenditure on development projects | (16 755) | 20 003 |
| **(Increase)/Decrease in inventories** | **1 774** | **6 310** |

(all amounts in PLN thousand, unless stated otherwise)

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| **Changes in receivables result from the following items:** | **8 722** | **(67 984)** |
| (Increase)/Decrease in current receivables in the balance sheet | 2 260 | (38 373) |
| (Increase)/Decrease in non-current receivables in the balance sheet | (24) | 7 |
| Income tax settled against withholding tax | 14 710 | 11 082 |
| Withholding tax paid abroad | (13 775) | (31 369) |
| Adjustment for current income tax | (609) | (10 013) |
| (Increase)/Decrease in prepayments for development projects | 6 012 | 740 |
| (Increase)/Decrease in prepayments for property, plant and equipment and intangible assets | 148 | (58) |
| **Increase/(Decrease) in current liabilities, excluding financial liabilities, results from the following items:** | **(1 652)** | **(7 337)** |
| Increase/(Decrease) in current liabilities in the balance sheet | 21 117 | (11 763) |
| Adjustment for current income tax | - | 2 116 |
| Increase/(Decrease) in other current financial liabilities | (9 029) | (791) |
| Increase/(Decrease) in liabilities in respect of security deposits | 20 | 114 |
| Increase/(Decrease) in liabilities resulting from purchase of property, plant and equipment | (13 955) | 2 400 |
| Increase/(Decrease) in liabilities resulting from purchase of intangible assets | 195 | 587 |
| **Changes in other assets and liabilities result from the following items:** | **1 640** | **(13 294)** |
| Change in prepayments and accruals in the balance sheet | 677 | (3 558) |
| Increase/(Decrease) in deferred income in the balance sheet | 1 203 | (9 496) |
| Adjustment for prepayments and deferred costs with the corresponding entry in liabilities | (240) | (240) |
| **“Other adjustment” comprise:** | **23 592** | **24 521** |
| Costs of the incentive plans | 20 405 | 15 675 |
| Amortization and depreciation written off, reported under cost of sales and other operating expenses | - | 124 |
| Measurement of derivative financial instruments | 307 | - |
| Amortization and depreciation included in cost of sales and other operating expenses | 2 764 | 2 653 |
| Accounting for shares in acquired entities | - | 35 754 |
| Retained earnings/(Accumulated losses) of acquired entities | - | (28 680) |
| Deferred tax assets of acquired entities | - | (233) |
| Net amount of property, plant and equipment and intangible assets of acquired entities | - | (772) |
| Other adjustments | 116 | - |

(all amounts in PLN thousand, unless stated otherwise)

# Note 48. Cash flows and non-monetary changes resulting from changes in liabilities in financing activities

| | 01.01.2024 | Cash flows | Non-monetary changes | | | | 31.12.2024 |
|---|---|---|---|---|---|---|---|
| | | | Takeover of leased fixed assets | Foreign exchange gains and losses | Interest accrued | Adoption of a resolution on the payment of dividend | |
| Lease liabilities | 20 958 | (3 238) | 47 | (46) | 700 | - | 18 421 |
| Liabilities to shareholders in respect of dividend payment | - | (99 911) | - | - | - | 99 911 | - |
| **Total** | **20 958** | **(103 149)** | **47** | **(46)** | **700** | **99 911** | **18 421** |

| | 01.01.2023 | Cash flows | Non-monetary changes | | | | 31.12.2023 |
|---|---|---|---|---|---|---|---|
| | | | Takeover of leased fixed assets | Foreign exchange gains and losses | Interest accrued | Adoption of a resolution on the payment of dividend | |
| Lease liabilities | 20 671 | (2 838) | 2 725 | (375) | 775 | - | 20 958 |
| Liabilities to shareholders in respect of dividend payment | - | (99 911) | - | - | - | 99 911 | - |
| **Total** | **20 671** | **(102 749)** | **2 725** | **(375)** | **775** | **99 911** | **20 958** |

(all amounts in PLN thousand, unless stated otherwise)

## Note 49. Research and development expenditure

| | 01.01.2024 – 31.12.2024 | 01.01.2023 – 31.12.2023 |
|---|---|---|
| Salaries and wages | 89 705 | 87 876 |
| Remuneration of associates | 94 649 | 97 193 |
| Capital expenditure, including: | 2 449 | 8 900 |
| Land and buildings | - | 24 |
| Plant and machinery | 547 | 7 446 |
| Computer software | 1 365 | 396 |
| Intangible assets | 537 | 1 034 |
| External services | 141 922 | 118 851 |
| **Total expenditure on research and development projects** | **328 725** | **312 820** |

The information contained in the Note relates to research projects, presented in Note 12 under the headings Expenditure on development projects in progress, and product maintenance costs eligible as expenditure on research and development projects in accordance with the tax rulings received by the Company.

More information on the research and development projects conducted by the Company has been provided in the Management Board Report on the activities of the CD PROJEKT Group and CD PROJEKT S.A. for 2024.

# Statement of the Management Board

### On the fairness of preparation of the annual separate financial statements

In accordance with the requirements of the Regulation of the Minister of Finance of 29 March 2018 on current and periodical information submitted by issuers of securities and conditions for considering equivalent the information required under the legislation of a non-Member State, the Management Board of the Company declares that, to the best of its knowledge, these annual separate financial statements and comparative data have been prepared in accordance with the accounting policies applicable to CD PROJEKT S.A. and that they reflect in a true, fair and clear manner the Company's financial position and its results of operations.

These separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union, published and effective as at 31 December 2024, and to the extent not governed by the said standards, in accordance with the Accounting Act of 29 September 1994 and the implementing legislation issued on the basis thereof and to the extent required by the Regulation of the Minister of Finance of 29 March 2018 on current and periodical information submitted by issuers of securities and conditions for considering equivalent the information required under the legislation of a non-Member State.

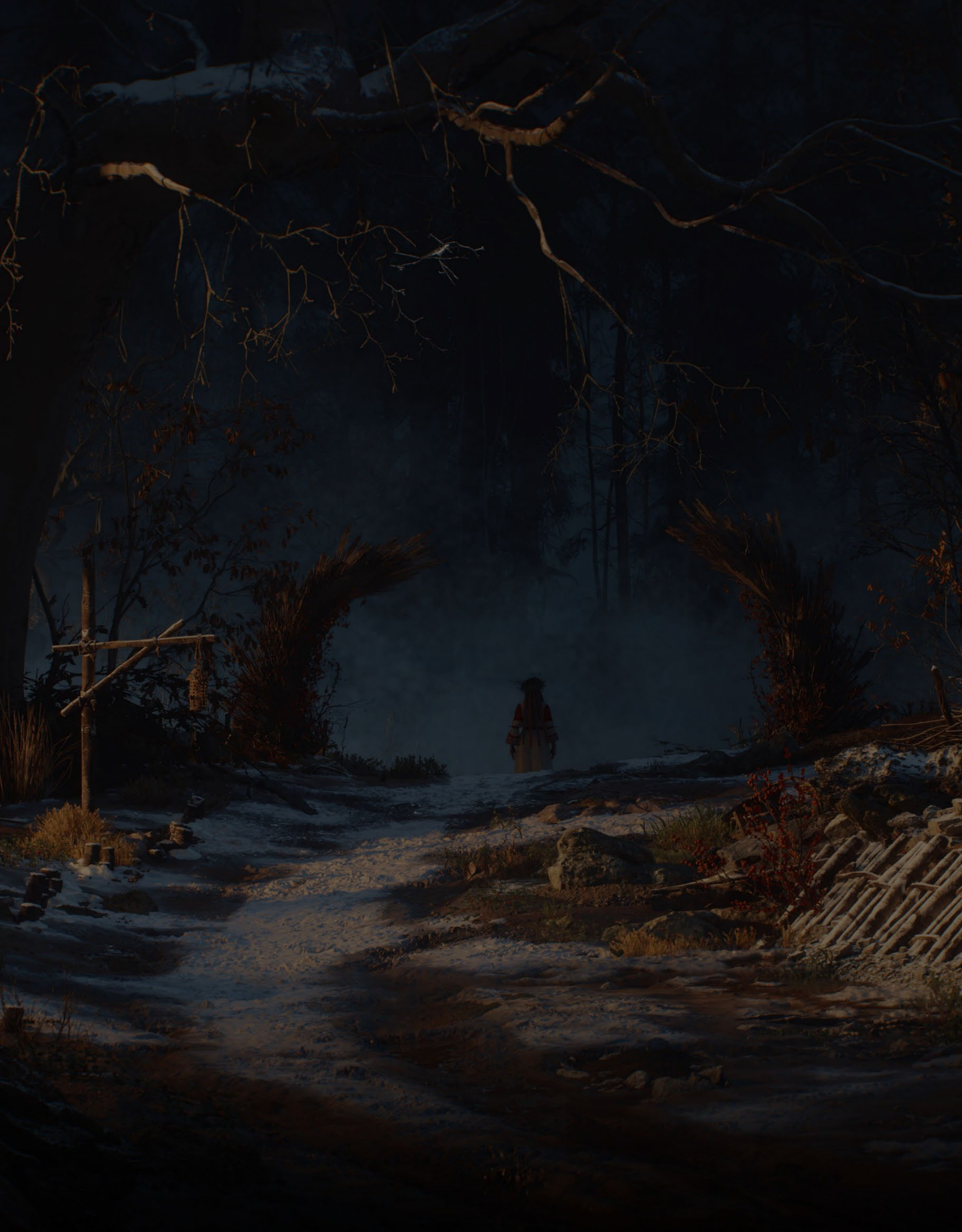
(all amounts in PLN thousand, unless stated otherwise)

# Approval of the financial statements

These separate financial statements of CD PROJEKT S.A. were signed and approved for publication by the Management Board of CD PROJEKT S.A. on 24 March 2025 and will be subject to approval by the General Meeting of CD PROJEKT S.A.

Warsaw, 24 March 2025

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



CONTACT FOR INVESTORS: IR@CDPROJEKT.COM
WWW.CDPROJEKT.COM