



CD PROJEKT®

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENT OF THE CD PROJEKT
GROUP FOR THE PERIOD BETWEEN
1 JANUARY AND 30 JUNE 2021**

Disclaimer

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

CD PROJEKT Group – selected financial highlights (converted into EUR)

	PLN		EUR	
	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
Revenues from sales of products, services, goods and materials	470 617	363 998	103 496	81 958
Cost of products, services, goods and materials sold	162 171	107 402	35 664	24 183
Operating profit (loss)	122 614	156 084	26 965	35 144
Profit (loss) before tax	115 865	160 849	25 481	36 217
Net profit (loss) attributable to equity holders of parent entity	105 048	146 757	23 102	33 044
Net cash flows from operating activities	880 463	285 876	193 628	64 368
Net cash flows from investment activities	(271 108)	(168 968)	(59 621)	(38 045)
Net cash flows from financial activities	(503 590)	(1 674)	(110 747)	(377)
Total net cash flows	105 765	115 234	23 260	25 946
Stock volume (thousands)	100 697	96 120	100 697	96 120
Net earnings per share (PLN/EUR)	1.04	1.53	0.23	0.34
Diluted net earnings per share (PLN/EUR)	1.04	1.45	0.23	0.33
Book value per share (PLN/EUR)	17.94	13.12	3.97	2.94
Diluted book value per share (PLN/EUR)	17.93	12.50	3.97	2.80
Declared or paid out dividend per share (PLN/EUR)	5.00	-	1.10	-

	PLN		EUR	
	30.06.2021	31.12.2020*	30.06.2021	31.12.2020*
Total assets	2 147 430	2 890 299	475 011	626 311
Liabilities and provisions for liabilities (less accrued charges)	299 476	658 401	66 244	142 672
Long-term liabilities	21 228	166 153	4 696	36 004
Short-term liabilities	319 839	540 969	70 748	117 225
Equity	1 806 363	2 183 177	399 567	473 082
Share capital	100 739	100 655	22 283	21 811

* adjusted

The above financial data has been converted into EUR under the following assumptions:

- Elements of the consolidated profit and loss account and consolidated statement of cash flows were converted into EUR by applying the arithmetic average of exchange rates for the final day of each month belonging to the reporting period, as published by the National Bank of Poland. The corresponding exchange rates were: 4.5472 PLN/EUR for the period between 1 January and 30 June 2021, and 4.4413 PLN/EUR for the period between 1 January and 30 June 2020 respectively,
- Assets and liabilities listed in the consolidated statement of financial position were converted into EUR by applying the exchange rate for the final day of the reporting period, as published by the National Bank of Poland. These exchange rates were: 4.5208 PLN/EUR on 30 June 2021 and 4.6148 PLN/EUR on 31 December 2020 respectively.

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Primary financial data of the CD PROJEKT Group

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Condensed interim consolidated profit and loss account

	Note	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
Sales revenues		470 617	363 998
Revenues from sales of products	16	366 986	237 665
Revenues from sales of services	16	3 687	774
Revenues from sales of goods and materials	16	99 944	125 559
Cost of products, services, goods and materials sold		162 171	107 402
Cost of products and services sold	17	87 894	14 980
Cost of goods and materials sold	17	74 277	92 422
Gross profit (loss) from sales		308 446	256 596
Selling costs	17	131 183	72 147
General and administrative costs	17	54 187	25 860
Other operating revenues	18	3 853	4 015
Other operating expenses	18	4 314	6 445
(Impairment)/reversal of impairment of financial instruments		(1)	(75)
Operating profit (loss)		122 614	156 084
Financial revenues	19	18 886	9 530
Financial expenses	19	25 635	4 765
Profit (loss) before tax		115 865	160 849
Income tax	10	10 817	14 092
Net profit (loss)		105 048	146 757
Net profit (loss) attributable to equity holders of parent entity		105 048	146 757
Net earnings per share (in PLN)			
Basic for the reporting period		1.04	1.53
Diluted for the reporting period		1.04	1.45

Condensed interim consolidated statement of comprehensive income

	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
Net profit/(loss)	105 048	146 757
Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria	1 804	381
Exchange rate differences from valuation of foreign entities	26	290
Estimation of financial instruments at fair value through other comprehensive income, adjusted for tax effects	1 778	91
Other comprehensive income which will not be entered as profit (loss)	-	-
Total comprehensive income	106 852	147 138
Total comprehensive income attributable to minority interests	-	-
Total comprehensive income attributable to equity holders of CD PROJEKT S.A.	106 852	147 138

Condensed interim consolidated statement of financial position

	Note	30.06.2021	31.12.2020*
FIXED ASSETS		945 128	759 999
Property, plant and equipment	2	114 121	105 349
Intangibles	3	59 475	59 790
Expenditures on development projects	3	379 387	406 798
Investment properties	5	49 312	48 841
Goodwill	3,4	56 438	56 438
Shares in subsidiaries excluded from consolidation		8 273	8 195
Deferrals	9	11 611	11 676
Other financial assets	8,15	211 961	51 588
Deferred income tax assets	10	54 220	11 003
Other receivables	7,15	330	321
WORKING ASSETS		1 202 302	2 130 300
Inventories	6	16 903	6 957
Trade receivables	7,15	131 158	1 205 603
Other receivables	7	116 882	70 210
Deferrals	9	11 382	13 383
Other financial assets	8,15	206 804	106 444
Bank deposits (maturity beyond 3 months)	15	50 073	164 368
Cash and cash equivalents	15	669 100	563 335
TOTAL ASSETS		2 147 430	2 890 299

* adjusted



	Note	30.06.2021	31.12.2020*
EQUITY		1 806 363	2 183 177
Parent entity shareholders' equity		1 806 363	2 183 177
Share capital	21	100 739	100 655
Supplementary capital		1 425 647	774 851
Supplementary capital from sale of shares above nominal value		115 909	113 844
Other reserve capital		64 335	45 547
Exchange rate differences		1 117	1 091
Retained earnings		(6 432)	(2 959)
Net profit (loss) for the reporting period		105 048	1 150 148
Minority interest equity		-	-
LONG-TERM LIABILITIES		21 228	166 153
Other financial liabilities	15	15 332	16 006
Other liabilities	13	2 980	3 173
Deferred revenues	14	2 518	963
Provisions for employee benefits and similar liabilities	11	398	398
Other provisions	12	-	145 613
SHORT-TERM LIABILITIES		319 839	540 969
Other financial liabilities	15	6 905	2 933
Trade liabilities	15	48 328	115 444
Current income tax liabilities		54 439	1 742
Other liabilities	13	10 197	33 134
Deferred revenues	14	39 073	47 758
Provisions for employee benefits and similar liabilities	11	4	4
Other provisions	12	160 893	339 954
TOTAL EQUITY AND LIABILITIES		2 147 430	2 890 299

* adjusted

Condensed interim statement of changes in consolidated equity

	Share capital	Supplementary capital	Supplementary capital from sale of shares above nominal value	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Parent entity shareholders' equity	Total equity
01.01.2021 – 30.06.2021									
Equity as of 01.01.2021	100 655	774 851	113 844	45 547	1 091	1 151 368	-	2 187 356	2 187 356
Rectification of errors	-	-	-	-	-	(4 179)	-	(4 179)	(4 179)
Adjusted equity	100 655	774 851	113 844	45 547	1 091	1 147 189	-	2 183 177	2 183 177
Cost of incentive program	-	-	-	17 879	-	-	-	17 879	17 879
Allocation of net profit/ coverage of losses	-	649 927	-	-	-	(649 927)	-	-	-
Payment in own shares	84	869	2 065	(869)	-	-	-	2 149	2 149
Dividend payment	-	-	-	-	-	(503 694)	-	(503 694)	(503 694)
Total comprehensive income	-	-	-	1 778	26	-	105 048	106 852	106 852
Equity as of 30.06.2021	100 739	1 425 647	115 909	64 335	1 117	(6 432)	105 048	1 806 363	1 806 363

The Group has rectified its calculation of deferred tax assets for 31 December 2020, reclassifying some of the negative temporary differences from the 19% tax rate category to the 5% tax rate category. This resulted in a decrease in Equity by 4 179 thousand PLN.

	Share capital	Supplementary capital	Supplementary capital from sale of shares above nominal value	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Parent entity shareholders' equity	Total equity
01.01.2020 – 30.06.2020*									
Equity as of 01.01.2020	96 120	777 090	3 861	54 657	898	173 025	-	1 105 651	1 105 651
Cost of incentive program	-	-	-	7 930	-	-	-	7 930	7 930
Allocation of net profit/coverage of losses	-	3 159	-	-	-	(3 159)	-	-	-
Total comprehensive income	-	-	-	91	290	-	146 757	147 138	147 138
Equity as of 30.06.2020	96 120	780 249	3 861	62 678	1 188	169 866	146 757	1 260 719	1 260 719

* adjusted

The Group adjusted the presentation of the effect of the vesting of its incentive program for 2012-2015. As a result of this change, the "Other reverse capital" line item was adjusted downward by 3 861 thousand PLN, while the "Supplementary capital from sale of shares above nominal value" was adjusted upward by the same amount.

Condensed interim consolidated statement of cash flows

	Note	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
OPERATING ACTIVITIES			
Net profit (loss)		105 048	146 757
Total adjustments:	29	765 828	134 315
Depreciation of PP&E, intangibles, expenditures on development projects and investment properties		8 889	4 032
Depreciation of expenditures on development projects recognized as cost of products and services sold		46 507	14 165
Profit (loss) from exchange rate differences		(2 015)	1 131
Interest and profit sharing		350	(4 049)
Profit (loss) from investment activities		4 651	(3 699)
Change in provisions		(236 364)	(6 412)
Change in inventories		(9 946)	(3 301)
Change in receivables		1 029 641	75 304
Change in liabilities excluding credits and loans		(89 563)	1 597
Change in other assets and liabilities		(5 179)	46 714
Other adjustments		18 857	8 833
Cash flows from operating activities		870 876	281 072
Income tax on pre-tax profit (loss)		10 815	14 092
Withholding tax paid abroad		3	-
Income tax (paid)/reimbursed		(1 231)	(9 288)
Net cash flows from operating activities		880 463	285 876
INVESTMENT ACTIVITIES			
Inflows		239 333	419 683
Sales of PP&E and intangibles		7	16
Closing bank deposits (maturity beyond 3 months)		164 368	415 380
Maturation of bonds		66 628	-
Interest on bonds received		281	33
Inflows from settlement of forward contracts		7 962	-
Other inflows from investment activities		87	4 254
Outflows		510 441	588 651
Purchases of intangibles and PP&E		18 119	12 292
Expenditures on development projects		109 027	114 274
Purchase of investment properties and activation of future costs		1 405	4 093
Loans granted		3 740	2 000
Purchase of bonds and the associated purchase fees		328 077	158 953
Opening bank deposits (maturity beyond 3 months)		50 073	297 031
Other outflows from investment activities		-	8
Net cash flows from investment activities		(271 108)	(168 968)



	Note	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
FINANCIAL ACTIVITIES			
Inflows		2 169	-
Net inflows from sale and issue of shares in the exercise of rights assigned under the incentive program		2 149	-
Collection of receivables arising from financial lease agreements		20	-
Outflows		505 759	1 674
Dividends and other payments to equity holders		503 694	-
Payment of liabilities arising from lease agreements		1 724	1 469
Interest payments		341	205
Net cash flows from financial activities		(503 590)	(1 674)
Total net cash flows		105 765	115 234
Balance of changes in cash and cash equivalents		105 765	115 234
Cash and cash equivalents at beginning of period		563 335	49 406
Cash and cash equivalents at end of period		669 100	164 640



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Clarifications regarding the condensed interim consolidated financial statement

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General information

Name of reporting entity:	CD PROJEKT S.A. (no changes in the name of the reporting entity occurred since the close of the previous reporting period)
Legal status:	Joint-stock company
Headquarters:	Jagiellońska 74, 03-301 Warsaw
Country of registration:	Poland
Principal scope of activity:	CD PROJEKT S.A. is the holding company of the CD PROJEKT Group which conducts its operations in two activity segments: CD PROJEKT RED and GOG.com
Primary site of activity:	Warsaw
Keeper of records:	District Court for the City of Warsaw in Warsaw – Poland; 14th Commercial Department of the National Court Register (Sąd Rejonowy dla m.st. Warszawy w Warszawie, XIV Wydział Gospodarczy Krajowego Rejestru Sądowego)
Statistical identification number (REGON):	492707333
Tax identification number (NIP):	7342867148
Waste disposal database (BDO) number:	000141053
Duration of the Group:	Indefinite
Name of parent entity:	CD PROJEKT S.A.
Name of ultimate parent entity of the Group:	CD PROJEKT S.A.

Consolidation principles

Entities subject to consolidation

	capital share	voting share	consolidation method
CD PROJEKT S.A.	parent entity	-	-
GOG sp. z o.o.	100%	100%	full
CD PROJEKT Inc.	100%	100%	full
CD PROJEKT Co., Ltd.	100%	100%	excluded from consolidation
Spokko sp. z o.o.	75%	75%	excluded from consolidation
CD PROJEKT RED STORE sp. z o.o.	100%	100%	full

In accordance with the accounting policies in force within the Group, the parent entity may elect to exclude certain subsidiaries from consolidation as long as each of these subsidiaries:

- contributes not more than 2% to the parent entity's profit and loss balance,
- contributes not more than 1% to the parent entity's aggregate sales and financial revenues.



Note that the above values are exclusive of any transactions between the subsidiary and the parent company which would have otherwise been subject to consolidation eliminations.

In addition to the above, all subsidiaries excluded from consolidation must jointly:

- contribute not more than 5% to the parent entity's profit and loss balance,
- contribute not more than 2% to the parent entity's aggregate sales and financial revenues.

The above values are also exclusive of any transactions between each subsidiary and the parent company which would have otherwise been subject to consolidation eliminations.

The above criteria are met by CD PROJEKT Co., Ltd. and Spokko sp. z o.o.

Subsidiaries

Subsidiaries are defined as all entities which fall under the Group's control. An entity is considered to fall under the Group's control if all of the following criteria are met:

- executive control, i.e. possession of the required legal title to direct the entity's significant operations (operations, which significantly affect the entity's financial standing),
- exposure to variation in the entity's financial results, or possession of the required legal title to adjust the Group's financial results in relation to the entity's own financial results,
- possession of the required administrative apparatus to affect the Group's own financial results by exercising the right to affect financial results attributable to the Group by leveraging the Group's involvement in the entity.

Subsidiaries which meet materiality criteria are subject to full consolidation from the date of acquisition of control by the Group and cease to be reported as such on the day control is lost.

Any revenues, expenses, settlements and unrealized gains on transactions between companies belonging to the Group are eliminated in full. Unrealized losses are also eliminated unless the nature of the transaction indicates impairment of any of the transferred assets. Accounting practices in use at subsidiary companies are adjusted whenever necessary to ensure compliance with accounting practices adopted by the Group.

Basis for the preparation of the condensed interim consolidated financial statement

This condensed interim consolidated financial statement is prepared in compliance with International Accounting Standard 34 (IAS 34) *Interim financial reporting*, approved for use within the EU.

The condensed interim consolidated financial statement does not contain all the information and disclosures which would otherwise be required in an annual financial statement. Accordingly, this statement should be read in conjunction with the Consolidated Financial Statement of the CD PROJEKT Group for the year ending 31 December 2020, approved for publication on 22 April 2021.

Assumption of going concern

This condensed interim consolidated financial statement is prepared under the assumption that the Group and its parent entity intend to continue as a going concern in the foreseeable future, i.e. at least throughout the 12-month period following the balance sheet date.

As of the date of signing this financial statement the Management Board of the parent entity is not aware of any facts or circumstances which would jeopardize the assumption of going concern within said 12-month period by way of intended or forced cessation or significant reduction of continuing operations.

As of the day of preparation of this consolidated financial statement covering the period between 1 January and 30 June 2021 the Management Board is not aware of any events which should have been reflected in the accounts for that period but have not been reflected therein. Additionally, no important events related to the preceding years were included in this statement.



Compliance with International Financial Reporting Standards

This condensed interim consolidated financial statement conforms to International Accounting Standard (IAS) 34, *Interim Financial Reporting*, as well as to International Financial Reporting Standards (IFRS) applicable to interim financial reporting, endorsed by the International Accounting Standard Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and approved by the EU under the relevant Regulation on the Application of International Accounting Standards (European Council 1606/2002), hereinafter referred to as UE IFRS, valid for 30 June 2021.

The Group intends to apply amendments to IFRS which have been published but have not yet entered into force on the publication date of this condensed interim consolidated financial statement, depending on their date of entry into force. Information regarding standards and interpretations applied for the first time, early application of new standards, standards which have entered into force on or after 1 January 2021 and the effect of changes in IFRS upon the Group's future financial statements is provided in Section 2 of the Group's Consolidated Financial Statement for 2020.

Changes in standards or interpretations in force and applied by the Group, which entered into force since 1 January 2021

- Amendments to **IFRS 9**, **IAS 39**, **IFRS 7**, **IFRS 4** and **IFRS 16** - applicable to reporting periods beginning or on after 1 January 2021,
 - In the case of estimation at amortized cost, changes in estimated flows resulting directly from the IBOR reform will be treated in the same way as changes in variable interest rates, i.e. without affecting the financial result,
 - There will be no requirement to terminate a hedging relationship if the only change results from the IBOR reform while all other hedge accounting criteria met; the relevant change regulates the recognition of alternative rates in the hedging relationship,
 - The entity will be obligated to disclose risks arising in conjunction with the reform, and describe its approach to managing recognition of alternative rates.
- Amendments to **IFRS 4 – Insurance contracts** – deferring the application of **IFRS 9 – Financial instruments** until 1 January 2023, i.e. until **IFRS 17 – Insurance contracts** comes into force.

Standards and interpretations adopted by the IASB which have not yet been approved by the EU

In approving this financial statement the Group did not apply the following standards, amendments and interpretations which have not yet been approved for use in the EU:

- **IFRS 17 – Insurance contracts** - applicable to reporting periods beginning on or after 1 January 2023,
- Amendments to **IAS 1** and *Practice Statement 2: disclosure of accounting policies* (published on 12 February 2021) – applicable to reporting periods beginning on or after 1 January 2023,
- Amendments to **IAS 1 – Classification of liabilities as current or non-current** - applicable to reporting periods beginning on or after 1 January 2023,
- Amendments to **IAS 8 – Accounting policies, changes in accounting estimates and errors** - applicable to reporting periods beginning on or after 1 January 2023,
- On 31 March 2021 the International Accounting Standards Board (IASB) published an amendment to **IFRS 16 – Leases**, which extends, by one year, the amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. In line with this “practical relief”, when the lessee obtains a rent concession related to COVID-19, he/she is not obligated to determine whether the concession constitutes a lease modification; instead, the concession is accounted for as though no modification had occurred. This amendment will be applicable to reporting periods beginning on or after 1 April 2021. The Group intends to apply it following official endorsement by the European Union. Its effect upon the Group's consolidated financial statement is regarded as negligible,
- Amendments to **IAS 12 – Income taxes: deferred tax related to assets and liabilities arising from a single transaction** - applicable to reporting periods beginning on or after 1 January 2023,



- **IFRS 14 - Regulatory deferral accounts** (published on 30 January 2014) - according to a decision of the European Commission the endorsement process of the interim version of this standard will not be initiated until the final version has been published - not approved for publication by the EU as of the approval date of this financial statement - applicable to reporting periods beginning on or after 1 January 2016,
- Amendments to **IFRS 10** and **IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture** (published on 11 September 2014) - work on endorsing these amendments by the EU has been delayed indefinitely and the date of entry into force of the amended standard has been indefinitely postponed by the International Accounting Standards Board.

The Group is performing an assessment of the effect these new standards and amendments to standards upon the Group's financial statement.

Functional currency and presentation currency

Functional currency and presentation currency

The functional currency and the presentation currency of the Group and its parent Company is the Polish Zloty (PLN). All figures are quoted in PLN thousands unless indicated otherwise.

Transactions and balances

Transactions denominated in foreign currencies are converted to the functional currency according to the exchange rate on the date of the transaction. Exchange rate losses and gains on settlement of transactions and on valuation of assets and liabilities denominated in foreign currencies are reported in the profit and loss statement, unless deferred in Equity capital when they constitute cash flow hedges or hedges of shares in net assets.

Comparability of financial statements and changes in accounting policies

The accounting practices applied in preparing this condensed interim consolidated financial statement, the Management Board's professional judgment concerning the Group's accounting practices as well as the main sources of uncertainty in estimations are in all material aspects consistent with the practices applied in preparing the Consolidated Financial Statement of the CD PROJEKT Group for 2020, except for changes in accounting policies and presentation-related adjustments described below. This condensed interim consolidated financial statement should be read in conjunction with the consolidated financial statement for the period ending 31 December 2020.

Presentation changes

This condensed interim consolidated financial statement for the period between 1 January and 30 June 2021 includes changes in the presentation of certain financial data. In order to ensure comparability of financial data, adjustments were also introduced with respect to reference data for 31 December 2020. The following adjustments were made:

- The Group rectified its calculation of deferred tax assets as of 31 December 2020 by reassigning some negative temporary differences from the 19% tax rate category to the 5% tax rate category. This resulted in the following changes:
 - Deferred income tax assets – adjusted by (4 179) thousand PLN
 - Financial result for the current period – adjusted by (4 179) thousand PLN.

This change resulted in a decrease in equity by 4 179 thousand PLN.



Disclosure of seasonal or cyclical activities

A detailed description of seasonal and cyclical aspects of the Group's activities can be found in the Management Board report on CD PROJEKT Group activities for the period between 1 January and 30 June 2021.

Financial audit

The financial data presented in the statement of financial position for 30 June 2021, as well as the financial data presented in the profit and loss account, cash flow account and statement of changes in equity for the periods between 1 January and 30 June 2021, and between 1 January and 30 June 2020, has not been subjected to a formal audit by a licensed auditor. The aforementioned data has been subjected to a review by a licensed auditor. The statement of financial position for 31 December 2020 has been subjected to a formal audit by a licensed auditor.



CD PROJEKT

Supplementary information – CD PROJEKT Group activity segments

3



Activity segments

Presentation of results by activity segment

The scope of financial disclosures in relation to each of the Group's activity segments is regulated by IFRS 8. For each segment the result is based on net profit.

Description of changes in the differentiation of activity segments, or of the assessment of per-segment profit or loss compared to the most recent annual consolidated financial statement

No changes in the differentiation of activity segments, or in the assessment of per-segment profit or loss, occurred in this statement as compared to the Group's financial statement for the year ending on 31 December 2020.

There are no differences in the scope of assessment of assets, liabilities, profits and losses of all activity segments and the Group itself.

Disclosure of activity segments

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.com		
01.01.2021 – 30.06.2021				
Sales revenues	371 911	106 333	(7 627)	470 617
sales to external clients	364 420	106 197	-	470 617
sales between segments	7 491	136	(7 627)	-
Segment net profit (loss)	109 595	(4 459)	(88)	105 048

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.com		
01.01.2020 – 30.06.2020				
Sales revenues	260 355	109 794	(6 151)	363 998
sales to external clients	254 205	109 794	-	363 999
sales between segments	6 151	-	(6 151)	-
Segment net profit (loss)	141 164	5 573	20	146 757

Segmented consolidated profit and loss account for the period between 01.01.2021 and 30.06.2021

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
Sales revenues	371 911	106 333	(7 627)	470 617
Revenues from sales of products	359 938	4 346	2 702	366 986
Revenues from sales of services	4 957	139	(1 409)	3 687
Revenues from sales of goods and materials	7 016	101 848	(8 920)	99 944
Cost of products, services, goods and materials sold	92 051	76 860	(6 740)	162 171
Cost of products and services sold	85 589	2 827	(522)	87 894
Cost of goods and materials sold	6 462	74 033	(6 218)	74 277
Gross profit (loss) from sales	279 860	29 473	(887)	308 446
Selling costs	101 647	30 330	(794)	131 183
General and administrative costs	50 202	4 085	(100)	54 187
Other operating revenues	5 059	872	(2 078)	3 853
Other operating expenses	5 628	615	(1 929)	4 314
(Impairment)/reversal of impairment of financial instruments	(1)	-	-	(1)
Operating profit (loss)	127 441	(4 685)	(142)	122 614
Financial revenues	16 150	2 736	-	18 886
Financial expenses	22 473	3 207	(45)	25 635
Profit (loss) before taxation	121 118	(5 156)	(97)	115 865
Income tax	11 523	(697)	(9)	10 817
Net profit (loss)	109 595	(4 459)	(88)	105 048
Net profit (loss) attributable to equity holders of parent entity	109 595	(4 459)	(88)	105 048

Segmented consolidated profit and loss account for the period between 01.01.2020 and 30.06.2020

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
Sales revenues	260 355	109 794	(6 151)	363 998
Revenues from sales of products	228 099	7 645	1 921	237 665
Revenues from sales of services	2 504	1	(1 731)	774
Revenues from sales of goods and materials	29 752	102 148	(6 341)	125 559
Cost of products, services, goods and materials sold	36 815	75 596	(5 009)	107 402
Cost of products and services sold	12 600	2 969	(589)	14 980
Cost of goods and materials sold	24 215	72 627	(4 420)	92 422
Gross profit (loss) from sales	223 540	34 198	(1 142)	256 596
Selling costs	49 432	23 818	(1 103)	72 147
General and administrative costs	22 930	3 029	(99)	25 860
Other operating revenues	4 430	300	(715)	4 015
Other operating expenses	6 819	254	(628)	6 445
(Impairment)/reversal of impairment of financial instruments	(75)	-	-	(75)
Operating profit (loss)	148 714	7 397	(27)	156 084
Financial revenues	9 388	142	-	9 530
Financial expenses	4 246	572	(53)	4 765
Profit (loss) before taxation	153 856	6 967	26	160 849
Income tax	12 692	1 394	6	14 092
Net profit (loss)	141 164	5 573	20	146 757
Net profit (loss) attributable to equity holders of parent entity	141 164	5 573	20	146 757

Segmented consolidated statement of financial position as of 30.06.2021

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
FIXED ASSETS	932 924	31 970	(19 766)	945 128
Property, plant and equipment	99 135	6 122	8 864	114 121
Intangibles	59 344	131	-	59 475
Expenditures on development projects	360 752	18 645	(10)	379 387
Investment properties	61 970	-	(12 658)	49 312
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	15 962	-	(15 962)	-
Shares in subsidiaries excluded from consolidation	8 273	-	-	8 273
Deferrals	5 294	6 317	-	11 611
Other financial assets	211 961	-	-	211 961
Deferred income tax assets	53 465	755	-	54 220
Other receivables	330	-	-	330
WORKING ASSETS	1 125 093	81 123	(3 914)	1 202 302
Inventories	16 903	-	-	16 903
Trade receivables	130 460	2 154	(1 456)	131 158
Other receivables	116 645	2 695	(2 458)	116 882
Deferrals	4 344	7 038	-	11 382
Other financial assets	206 547	257	-	206 804
Bank deposits (maturity beyond 3 months)	50 073	-	-	50 073
Cash and cash equivalents	600 121	68 979	-	669 100
TOTAL ASSETS	2 058 017	113 093	(23 680)	2 147 430

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
EQUITY	1 762 719	59 669	(16 025)	1 806 363
Equity attributable to shareholders of the parent entity	1 762 719	59 669	(16 025)	1 806 363
Share capital	100 739	136	(136)	100 739
Supplementary capital	1 368 366	62 796	(5 515)	1 425 647
Supplementary capital from sale of shares above nominal value	115 909	-	-	115 909
Other reserve capital	65 347	1 261	(2 273)	64 335
Exchange rate differences	168	(65)	1 014	1 117
Retained earnings	2 595	-	(9 027)	(6 432)
Net profit (loss) for the reporting period	109 595	(4 459)	(88)	105 048
Noncontrolling interest equity	-	-	-	-
LONG-TERM LIABILITIES	21 170	3 082	(3 024)	21 228
Other financial liabilities	15 332	3 024	(3 024)	15 332
Other liabilities	2 980	-	-	2 980
Deferred revenues	2 481	37	-	2 518
Provisions for employee benefits and similar liabilities	377	21	-	398
SHORT-TERM LIABILITIES	274 128	50 342	(4 631)	319 839
Other financial liabilities	6 864	758	(717)	6 905
Trade liabilities	14 552	35 130	(1 354)	48 328
Current income tax liabilities	54 439	-	-	54 439
Other liabilities	4 108	8 547	(2 458)	10 197
Deferred revenues	34 109	4 964	-	39 073
Provisions for retirement benefits and similar liabilities	3	1	-	4
Other provisions	160 053	942	(102)	160 893
TOTAL EQUITY AND LIABILITIES	2 058 017	113 093	(23 680)	2 147 430

Segmented consolidated statement of financial position as of 31.12.2020*

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
FIXED ASSETS	744 444	32 750	(17 195)	759 999
Property, plant and equipment	102 971	4 185	(1 807)	105 349
Intangibles	59 576	214	-	59 790
Expenditures on development projects	384 601	22 210	(13)	406 798
Investment properties	48 841	-	-	48 841
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	15 079	-	(15 079)	-
Shares in subsidiaries excluded from consolidation	8 195	-	-	8 195
Deferrals	5 535	6 141	-	11 676
Other financial assets	51 588	-	-	51 588
Deferred income tax assets	11 299	-	(296)	11 003
Other receivables	321	-	-	321
WORKING ASSETS	2 012 477	179 990	(62 167)	2 130 300
Inventories	6 957	-	-	6 957
Trade receivables	1 255 595	10 102	(60 094)	1 205 603
Other receivables	50 135	22 148	(2 073)	70 210
Deferrals	3 478	9 905	-	13 383
Other financial assets	106 365	79	-	106 444
Bank deposits (maturity beyond 3 months)	164 368	-	-	164 368
Cash and cash equivalents	425 579	137 756	-	563 335
TOTAL ASSETS	2 756 921	212 740	(79 362)	2 890 299

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
EQUITY	2 134 987	63 245	(15 055)	2 183 177
Equity attributable to shareholders of the parent entity	2 134 987	63 245	(15 055)	2 183 177
Share capital	100 655	136	(136)	100 655
Supplementary capital	738 225	42 141	(5 515)	774 851
Supplementary capital from sale of shares above nominal value	113 844	-	-	113 844
Other reserve capital	46 560	378	(1 391)	45 547
Exchange rate differences	142	(65)	1 014	1 091
Retained earnings	6 111	-	(9 070)	(2 959)
Net profit (loss) for the reporting period	1 129 450	20 655	43	1 150 148
Noncontrolling interest equity	-	-	-	-
LONG-TERM LIABILITIES	166 079	1 764	(1 690)	166 153
Other financial liabilities	16 006	1 403	(1 403)	16 006
Other liabilities	3 173	-	-	3 173
Deferred income tax liabilities	-	287	(287)	-
Deferred revenues	910	53	-	963
Provisions for employee benefits and similar liabilities	377	21	-	398
Other provisions	145 613	-	-	145 613
SHORT-TERM LIABILITIES	455 855	147 731	(62 617)	540 969
Other financial liabilities	2 875	508	(450)	2 933
Trade liabilities	73 633	101 888	(60 077)	115 444
Current income tax liabilities	1 384	358	-	1 742
Other liabilities	4 980	30 227	(2 073)	33 134
Deferred revenues	43 611	4 147	-	47 758
Provisions for retirement benefits and similar liabilities	3	1	-	4
Other provisions	329 369	10 602	(17)	339 954
TOTAL EQUITY AND LIABILITIES	2 756 921	212 740	(79 362)	2 890 299

* adjusted



CD PROJEKT

**Supplementary information –
additional notes and clarifications
regarding the condensed interim
consolidated financial statement**

4



Note 1. Disclosure of circumstances affecting assets, liabilities, equity, net financial result and cash flows which are unusual due to their type, size or effect

Significant events

The first half of 2021 was also the first six-month period following the release of CD PROJEKT RED's newest videogame – Cyberpunk 2077 (released on 10 December 2020). This resulted in the following events related to the post-release period and affecting the CD PROJEKT RED segment, which had significant influence on the CD PROJEKT Group's earnings, assets, liabilities, equity and cash flows and which had no counterpart in the reference period:

- solid revenues from digital distribution were the main driver behind the observed y-o-y increase in sales revenues;
- depreciation of past expenditures on development of the game is aggregated with the Cost of products and services sold, beginning on December 2020;
- costs related to the ongoing intensive work on the part of the development team on updates and further development of the game had a negative effect on the Cost of products and services sold;
- collection of trade receivables associated with the game's release resulted in a record balance of operating cash flows in the reporting period.

Note 2. Property, plant and equipment

Changes in PP&E (by category) between 01.01.2021 and 30.06.2021

	Land holdings	Buildings and structures	Civil engineering objects	Machinery and equipment	Vehicles	Other fixed assets	Fixed assets under construction	Total
Gross carrying amount as of 01.01.2021	35 986	67 795	1 834	39 741	2 961	3 145	1 671	153 133
Increases from:	-	4 490	53	9 658	423	356	5 429	20 409
purchase	-	396	53	9 643	-	158	5 429	15 679
lease agreements concluded	-	43	-	-	420	-	-	463
reassignment from PP&E under construction	-	4 006	-	12	-	198	-	4 216
other	-	45	-	3	3	-	-	51
Reductions from:	-	969	11	1 087	-	12	4 216	6 295
sale	-	559	-	203	-	-	-	762
disposal	-	410	11	884	-	12	-	1 317
reassignment from PP&E under construction	-	-	-	-	-	-	4 216	4 216
Gross carrying amount as of 30.06.2021	35 986	71 316	1 876	48 312	3 384	3 489	2 884	167 247
Depreciation as of 01.01.2021	588	14 311	275	28 876	1 710	2 024	-	47 784
Increases from:	283	2 868	159	3 449	267	292	-	7 318
depreciation	283	2 840	159	3 447	266	292	-	7 287
other	-	28	-	2	1	-	-	31
Reductions from:	-	988	3	973	-	12	-	1 976
sale	-	625	-	130	-	-	-	755
disposal	-	363	3	843	-	12	-	1 221
Depreciation as of 30.06.2021	871	16 191	431	31 352	1 977	2 304	-	53 126
Impairment allowances as of 01.01.2021	-	-	-	-	-	-	-	-
Impairment allowances as of 30.06.2021	-	-	-	-	-	-	-	-
Net carrying amount as of 01.01.2021	35 398	53 484	1 559	10 865	1 251	1 121	1 671	105 349
Net carrying amount as of 30.06.2021	35 115	55 125	1 445	16 960	1 407	1 185	2 884	114 121

Contractual commitments for future acquisition of PP&E

	30.06.2021	31.12.2020
Leasing of passenger cars	361	195
Total	361	195

Usufruct of PP&E held under lease agreements

	30.06.2021		
	Gross value	Depreciation	Net value
Land holdings	14 540	362	14 178
Immovable properties	7 793	5 301	2 492
Civil engineering objects	94	24	70
Vehicles	1 463	368	1 095
Total	23 890	6 055	17 835

	31.12.2020		
	Gross value	Depreciation	Net value
Land holdings	14 540	260	14 280
Immovable properties	7 635	3 962	3 673
Civil engineering objects	94	-	94
Vehicles	1 029	214	815
Total	23 298	4 436	18 862

Note 3. Intangibles and expenditures on development projects

Changes in intangibles and expenditures on development projects between
01.01.2021 and 30.06.2021

	Development projects in progress	Development projects completed	Trademarks	Patents and licenses	Copyrights	Computer software	Goodwill	Intangible assets under construction	Total
Gross carrying amount as of 01.01.2021*	28 887	841 608	33 199	2 154	18 331	32 296	56 438	1 158	1 014 071
Increases from:	19 984	609	-	10	-	2 838	-	200	23 641
purchases	-	-	-	10	-	1 509	-	200	1 719
reassignment from intangibles under construction	-	-	-	-	-	1 329	-	-	1 329
reassignment from expenditures on development projects in progress	-	457	-	-	-	-	-	-	457
reassignment of development expenditures under consortium agreement	-	152	-	-	-	-	-	-	152
own creation	19 984	-	-	-	-	-	-	-	19 984
Reductions from:	609	-	-	28	-	57	-	1 329	2 023
disposal	-	-	-	28	-	57	-	-	85
reassignment from intangibles under construction	-	-	-	-	-	-	-	1 329	1 329
reassignment from expenditures on development projects in progress	457	-	-	-	-	-	-	-	457
reassignment of development expenditures under consortium agreement	152	-	-	-	-	-	-	-	152
Gross carrying amount as of 30.06.2021	48 262	842 217	33 199	2 136	18 331	35 077	56 438	29	1 035 689
Depreciation as of 01.01.2021	-	463 697	-	1 626	48	25 674	-	-	491 045
Increases from:	-	47 395	-	229	63	1 738	-	-	49 425
depreciation	-	47 395	-	229	63	1 738	-	-	49 425
Reductions from:	-	-	-	28	-	53	-	-	81
disposal	-	-	-	28	-	53	-	-	81
Depreciation as of 30.06.2021	-	511 092	-	1 827	111	27 359	-	-	540 389
Impairment allowances as of 01.01.2021	-	-	-	-	-	-	-	-	-
Impairment allowances as of 30.06.2021	-	-	-	-	-	-	-	-	-
Net carrying amount as of 01.01.2021	28 887	377 911	33 199	528	18 283	6 622	56 438	1 158	523 026
Net carrying amount as of 30.06.2021	48 262	331 125	33 199	309	18 220	7 718	56 438	29	495 300

* adjusted

**Contractual commitments for future acquisition of intangible assets**

None reported.

Note 4. Goodwill

No changes in goodwill occurred between 1 January and 30 June 2021.

Note 5. Investment properties

The parent company is the owner of the immovable property complex located at Jagiellońska 74 and 76 in Warsaw. As the Group leases portions of these properties to other entities, including other member companies of the CD PROJEKT Group, it has decided to partly report them as investment properties. The remaining portion of the properties is used by the Group for its own purposes.

Properties purchased by the Group are estimated at purchase cost less depreciation.

Changes in the value of investment properties between 01.01.2021 and 30.06.2021

Gross balance sheet value as of 01.01.2021	50 650
Increases from:	1 418
activation of future costs	1 418
Reductions from:	56
disposal	56
Gross balance sheet value as of 30.06.2021	52 012
Depreciation as of 01.01.2021	1 809
Increases from:	896
depreciation	896
Reductions from:	5
disposal	5
Depreciation as of 30.06.2021	2 700
Impairment allowances as of 01.01.2021	-
Increases	-
Reductions	-
Impairment allowances as of 30.06.2021	-
Net balance sheet value as of 30.06.2021	49 312

Contractual commitments for acquisition of investment properties

None reported.

Note 6. Inventories

	30.06.2021	31.12.2020
Goods	16 826	6 875
Other materials	77	82
Gross inventories	16 903	6 957
Inventory impairment allowances	-	-
Net inventories	16 903	6 957

Changes in inventory impairment allowances

None reported.

Note 7. Trade and other receivables

	30.06.2021	31.12.2020
Gross trade and other receivables	249 229	1 276 992
Impairment allowances	859	858
Trade and other receivables	248 370	1 276 134
from affiliates	189	88
from external entities	248 181	1 276 046

Changes in impairment allowances on receivables

	Trade receivables	Other receivables	Total
OTHER ENTITIES			
Impairment allowances as of 01.01.2021	126	732	858
Increases from:	6	-	6
creation of allowances for past-due and contested receivables	6	-	6
Reductions from:	5	-	5
dissolution of impairment allowances	5	-	5
Impairment allowances as of 30.06.2021	127	732	859

Current and overdue trade receivables as of 30.06.2021

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
AFFILIATES							
gross receivables	189	189	-	-	-	-	-
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	-	-	-	-	-	-	-
total expected credit loss	-	-	-	-	-	-	-
Net receivables	189	189	-	-	-	-	-

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	131 096	127 272	3 653	-	5	37	129
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	127	-	-	-	-	-	127
total expected credit loss	127	-	-	-	-	-	127
Net receivables	130 969	127 272	3 653	-	5	37	2

Total							
gross receivables	131 285	127 461	3 653	-	5	37	129
impairment allowances	127	-	-	-	-	-	127
Net receivables	131 158	127 461	3 653	-	5	37	2

**Other receivables**

	30.06.2021	31.12.2020
Other gross receivables, including:	117 944	71 263
tax returns except corporate income tax	84 534	36 342
advance payments associated with expenditures on development projects	26 088	24 353
advance payments for supplies	5 414	4 643
deposits	623	619
prepayments associated with purchases of PP&E and intangibles	196	38
provisions for sales revenues - advances	155	119
prepayments associated with licensing royalties	86	86
prepayments associated with purchases of investment properties	57	70
employee compensation settlements	20	26
settlements with operators of payment processing platforms	-	4 173
settlements with board members at the Group's member companies	-	7
other	39	55
Impairment allowances	732	732
Total other gross receivables	117 212	70 531
short-term	116 882	70 210
long-term	330	321

Note 8. Other financial assets

	30.06.2021	31.12.2020
Loans granted	8 275	4 520
Bonds	410 233	146 985
Derivative financial instruments	257	6 527
Other financial assets, including:	418 765	158 032
short-term assets	206 804	106 444
long-term assets	211 961	51 588

Note 9. Deferrals

	30.06.2021	31.12.2020
Minimum guarantees and advance payments at GOG.com	12 179	14 630
Software, licenses	4 768	4 183
Expenses associated with future marketing activities	1 815	1 861
Repairs and refurbishment	1 582	1 651
Fees associated with right of first refusal	1 431	1 484
IT security	592	653
Fees related to perpetual usufruct of land	143	-
Non-life insurance	129	289
Business travel (airfare, accommodation, insurance)	14	7
Marketing campaigns	-	54
Other prepaid expenses	340	247
Total prepaid expenses, including:	22 993	25 059
short-term	11 382	13 383
long-term	11 611	11 676

Note 10. Deferred income tax

Negative temporary differences requiring recognition of deferred tax assets

	31.12.2020*	Differences affecting deferred tax aggregated with financial result	Differences affecting deferred tax aggregated with other comprehensive income	30.06.2021
Provisions for other employee benefits	402	-	-	402
Provisions for compensation dependent on financial result and other compensation	199 817	(179 276)	-	20 541
Tax loss	227 028	14 561	-	241 589
Negative exchange rate differences	24 259	(6 374)	-	17 885
Difference between balance sheet value and tax value of expenditures on development projects	3 045	707	-	3 752
Employee compensation and social security expenses payable in future reporting periods	25	12	-	37
Deferred revenues associated with adding funds to virtual wallets and participation in the additional benefits programs	2 820	165	-	2 985
Other provisions	221 280	(85 780)	-	135 500
R&D tax relief	309 826	1 937	-	311 763
Advances recognized as taxable income	4 036	(2 756)	-	1 280
Total negative temporary differences	992 538	(256 804)	-	735 734
subject to 5% tax rate	647 194	(253 902)	-	393 292
subject to 19% tax rate	345 344	(2 902)	-	342 442
Deferred tax assets	97 976	(13 246)	-	84 730

* adjusted

Positive temporary differences requiring recognition of deferred tax liabilities

	31.12.2020*	Differences affecting deferred tax aggregated with financial result	Differences affecting deferred tax aggregated with other comprehensive income	30.06.2021
Difference between balance sheet value and tax value of PP&E and intangibles	13 314	471	-	13 785
Income in the current period invoiced in the following period / accrued income	1 200 377	(1 091 217)	-	109 160
Positive exchange rate differences	22 117	(4 752)	-	17 365
Estimation of bonds	610	(506)	(104)	-
Estimation of forward contracts	6 914	(6 657)	-	257
Difference between balance sheet value and tax value of expenditures on development projects	305 339	16 211	-	321 550
Other sources	136	104	-	240
Total positive temporary differences	1 548 807	(1 086 346)	(104)	462 357
subject to 5% tax rate	1 480 720	(1 071 164)	-	409 556
subject to 19% tax rate	68 087	(15 182)	(104)	52 801
Deferred tax liabilities	86 973	(56 443)	(20)	30 510

* adjusted

Deferred income tax was estimated in part by applying the standard corporate income tax rate of 19% (applicable to revenues from other sources) and in part by applying the preferential rate of 5% (applicable to eligible IP-related revenues under the IP BOX tax relief regulation). In determining the correct rate to apply to temporary differences, the Group relied on projections regarding the tax base to which each temporary difference is likely to apply.

Net balance of deferred tax assets/liabilities

	30.06.2021	31.12.2020*
Deferred tax assets	84 730	97 976
Deferred tax liabilities	30 510	86 973
Net deferred tax assets/(liabilities)	54 220	11 003

* adjusted

Income tax reported in profit/loss account

	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
Current income tax, including:	53 930	16 530
withholding tax paid abroad	3	-
Changes in deferred income tax	(43 113)	(2 438)
Income tax reported in profit/loss account	10 817	14 092

Note 11. Provisions for employee benefits and similar liabilities

	30.06.2021	31.12.2020
Provisions for retirement benefits and pensions	402	402
Total, including:	402	402
short-term provisions	4	4
long-term provisions	398	398

No changes in provisions for employee benefits and similar liabilities occurred between 1 January and 30 June 2021.

Note 12. Other provisions

	30.06.2021	31.12.2020
Provisions for returns	85 985	194 537
Provisions for liabilities, including:	74 908	291 030
provisions for financial statement audit and review expenses	60	73
provisions for bought-in services	564	740
provisions for compensation contingent upon the Group's financial result, and other compensation	22 268	256 130
provisions for other expenses	52 016	34 087
Total, including:	160 893	485 567
short-term provisions	160 893	339 954
long-term provisions	-	145 613

Change in other provisions

	Provisions for returns	Provisions for compensation contingent upon the Group's financial result, and other compensation	Other provisions	Total
As of 01.01.2021	194 537	256 130	34 900	485 567
Provisions created during the financial year	42 634	23 969	46 679	113 282
Provisions consumed	69 031	247 558	28 606	345 195
Provisions dissolved	82 155	10 273	336	92 764
Adjustments due to exchange rate differences	-	-	3	3
As of 30.06.2021, including:	85 985	22 268	52 640	160 893
short-term provisions	85 985	22 268	52 640	160 893
long-term provisions	-	-	-	-

Further information regarding other provisions can be found in the Management Board report on CD PROJEKT Group and CD PROJEKT S.A. activities for the period between 1 January and 30 June 2021.

**Note 13. Other liabilities**

	30.06.2021	31.12.2020*
Liabilities from other taxes, duties, social security payments and others, except corporation tax	9 681	32 789
VAT	5 624	27 790
Flat-rate withholding tax	49	982
Personal income tax	1 604	2 370
Social security (ZUS) payments	1 513	1 557
National Disabled Persons Rehabilitation Fund (PFRON) payments	53	45
PIT-8AR settlements	137	45
Other miscellaneous liabilities	701	-
Other liabilities	3 496	3 518
Liabilities associated with right of first refusal and future marketing costs	2 980	3 100
Deposits	259	149
Other employee-related liabilities	14	15
Other liabilities payable to management board members at Group member companies	-	1
Other liabilities, incl. Internal Social Benefits Fund (ZFŚS)	243	253
Total, including:	13 177	36 307
short-term liabilities	10 197	33 134
long-term liabilities	2 980	3 173

* adjusted

Note 14. Deferred revenues

	30.06.2021	31.12.2020
Subsidies	14 831	14 867
Future period revenues	23 194	30 985
GOG Wallet	3 534	2 847
Official phone rental and other services	32	22
Total, including:	41 591	48 721
short-term deferrals	39 073	47 758
long-term deferrals	2 518	963



Note 15. Disclosure of financial instruments

Fair value of financial instruments per class

Following an analysis of each class of financial instruments held by the Group, the Management Boards has determined that their carrying amounts in all cases reflect their corresponding fair value as of 30 June 2021 and 31 December 2020 respectively.

	30.06.2021	31.12.2020
LEVEL 1		
Assets estimated at fair value		
Financial assets estimated at fair value through other comprehensive income	198 272	97 397
foreign government bonds - CHF	-	32 023
foreign government bonds - EUR	13 218	20 829
foreign government bonds - USD	185 054	44 545
LEVEL 2		
Assets estimated at fair value through financial result		
Derivative instruments	257	6 527
forward currency contracts - CHF	-	1 231
forward currency contracts - EUR	(11)	(202)
forward currency contracts - USD	268	5 498
Liabilities estimated at fair value through financial result		
Derivative instruments	4 518	-
forward currency contracts - EUR	(64)	-
forward currency contracts - USD	4 582	-

Financial assets estimated at fair value are classified according to a three-tier fair value hierarchy:

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

Level 2 – fair value estimated on the basis of observable market inputs.

Level 3 – fair value estimated on the basis of unobservable market inputs.

Financial assets – classification and estimation

	30.06.2021	31.12.2020
Financial assets estimated at amortized cost	1 070 897	1 987 735
Other long-term receivables	330	321
Trade receivables	131 158	1 205 603
Cash and cash equivalents	669 100	563 335
Bank deposits (maturity beyond 3 months)	50 073	164 368
State Treasury bonds	211 961	49 588
Loans granted	8 275	4 520
Financial assets estimated at fair value through other comprehensive income	198 272	97 397
Foreign government bonds	198 272	97 397
Financial assets estimated at fair value through financial result	257	6 527
Derivative financial instruments	257	6 527
Total financial assets	1 269 426	2 091 659

Financial liabilities – classification and estimation

	30.06.2021	31.12.2020
Financial liabilities estimated at amortized cost	66 047	134 383
Trade liabilities	48 328	115 444
Other financial liabilities	17 719	18 939
Financial liabilities estimated at fair value through financial result	4 518	-
Derivative financial instruments	4 518	-
Total financial liabilities	70 565	134 383

Note 16. Sales revenues

Sales revenues by territory*

	01.01.2021 – 30.06.2021		01.01.2020 – 30.06.2020	
	PLN	%	PLN	%
Domestic sales	9 687	2.07%	13 034	3.58%
Exports, including:	460 930	97.93%	350 964	96.42%
Europe	52 064	11.06%	108 559	29.82%
North America	366 760	77.93%	189 181	51.98%
South America	1 473	0.31%	2 323	0.64%
Asia	36 546	7.77%	44 995	12.36%
Australia	3 832	0.81%	5 539	1.52%
Africa	255	0.05%	367	0.10%
Total	470 617	100%	363 998	100%

* These figures refer to the countries of residence of clients of Group member companies. For CD PROJEKT S.A. this means distributors, whereas in the scope of retail sales carried out by GOG sp. z o.o., CD PROJEKT RED STORE sp. z o.o. and CD PROJEKT Inc. - final customers.

Sales revenues by product type

	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
Own products	366 986	237 665
External products	99 944	125 559
Other revenues	3 687	774
Total	470 617	363 998

Sales revenues by distribution channel

	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
Videogames – box editions	53 029	50 383
Videogames – digital editions	403 013	304 311
Other revenues	14 575	9 304
Total	470 617	363 998

Note 17. Operating expenses

	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
Depreciation of PP&E, intangibles, expenditures on development projects and investment properties, including:	8 889	4 032
depreciation of leased buildings	1 110	558
depreciation of leased vehicles	140	148
Consumption of materials and energy	1 639	925
Bought-in services, including:	68 742	36 577
short-term leases and leases of low-value assets	227	280
Taxes and fees	580	418
Employee compensation, social security and other benefits	103 987	54 980
Business travel	68	357
Use of company cars	96	86
Cost of goods and materials sold	74 277	92 422
Cost of products and services sold	87 894	14 980
Other expenses	1 369	632
Total	347 541	205 409
Selling costs	131 183	72 147
General and administrative costs	54 187	25 860
Cost of products, services, goods and materials sold	162 171	107 402
Total	347 541	205 409

Note 18. Other operating revenues and expenses

Other operating revenues

	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020*
Revenues from lease contracts	3 025	2 896
Reinvoicing revenues	557	456
Dissolution of unused provisions for expenses	134	18
Other sales	66	31
Subsidies	37	117
Compensation for damages received	3	54
PP&E and goods received free of charge	-	409
Profit from sale of PP&E	-	14
Other miscellaneous operating revenues	31	20
Total operating revenues	3 853	4 015

* adjusted

Other operating expenses

	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020*
Own cost of leases	2 144	1 651
Depreciation of investment properties	876	634
Reinvoicing expenses	559	456
Disposal (destruction) of materials and goods	482	-
Disposal of PP&E and intangibles	100	3
Liquidation of investment properties	51	1 534
Help Me Refund – refunds	33	-
Donations	17	2 100
Nonculpable shortfalls in working assets	7	-
Own cost of other sales	-	6
Other miscellaneous expenses	45	61
Total other operating expenses	4 314	6 445

* adjusted

Note 19. Financial revenues and expenses

Financial revenues

	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
Revenues from interest	407	4 287
on short-term bank deposits	41	4 253
on bonds	304	31
on loans granted	62	3
Other financial revenues	18 479	5 243
settlement and estimation of derivative financial instruments	18 470	5 243
management forward contracts	7	-
other miscellaneous financial revenues	2	-
Total financial revenues	18 886	9 530

Financial expenses

	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
Interest payments	809	257
on lease agreements	341	205
on bonds	416	33
on budget commitments	51	19
on trade settlements	1	-
Other financial expenses	24 826	4 508
surplus negative exchange rate differences	23 330	4 487
losses from maturation of bonds	1 305	-
bond purchase fees	191	21
Total financial expenses	25 635	4 765
Net balance of financial activities	(6 749)	4 765

Note 20. Short-term lease agreements and lease of low-value assets

The Group has entered into agreements concerning leasing of office equipment (multipurpose photocopiers, kitchen equipment) as well as apartments which potentially meet the criteria of lease agreements under IFRS 16. However, the Group regards these agreements as either short-term or concerning low-value assets and, consequently, does not apply the new standard to these agreements in line with the practical expedient specified in Art. 5 of the new standard. In such cases lease payments are reported as costs during the period in which they are incurred, using either the straight-line method or another method which best reflects the breakdown of payments throughout the duration of the agreement (information regarding costs related to such agreements, incurred between 1 January and 30 June 2021, can be found in Note 17).

As of 30 June 2021 and 31 December 2020 future payments associated with irrevocable short-term lease agreements and lease agreements concerning low-value assets are as follows:

	30.06.2021	31.12.2020
Due within 1 year	268	179
Due between 1 and 5 years	150	170
Due after 5 years	-	-
Total	418	349



Note 21. Issue, buyback and redemption of debt and capital securities

Issue of debt securities

Not applicable.

Issue of capital securities

	30.06.2021	31.12.2020
Stock volume (thousands)	100 739	100 655
Nominal value per share (PLN)	1	1
Share capital	100 739	100 655

Note 22. Dividends declared or paid out and collected

On 25 May 2021 the Ordinary General Meeting of CD PROJEKT S.A. decided to divide part of the parent Company's profit obtained in 2020 among its shareholders in the form of a dividend. In line with the corresponding resolution, on 8 June 2021 the parent Company paid out a total of 503 694 thousand PLN, i.e. 5 PLN per share. The dividend applied to 100 738 800 parent Company shares.

Note 23. Transactions with affiliates

Conditions governing transactions with affiliates

Intragroup transactions are conducted at market prices on the basis of the so-called *arm's length principle*. The principle stipulates that transactions between affiliated entities should be carried out under conditions similar to those which would otherwise apply to transactions carried out by unaffiliated entities.

The prices of goods and services exchanged in controlled transactions are estimated by CD PROJEKT Group member companies in accordance with OECD guidelines and national legislation, including the so-called *safe harbor* regulations. Transfer method selection is preceded by a thorough analysis of each transaction, which includes, among others, the assignment of responsibilities to each party, the assets involved and the corresponding allocation of risks and costs. In each case, the method regarded as most appropriate for the given transaction type is applied so that transactions between member companies of the CD PROJEKT Group are carried out under conditions approximating those which unaffiliated entities could be expected to agree upon.

Transactions with affiliates following consolidation eliminations

	Sales to affiliates		Purchases from affiliates		Receivables from affiliates		Liabilities due to affiliates	
	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020
SUBSIDIARIES								
CD PROJEKT Co., Ltd.	-	-	3 155	1 828	-	-	353	557
Spokko sp. z o.o.	347	131	-	-	8 464	4 601	-	-
MANAGEMENT BOARD MEMBERS AT GROUP MEMBER COMPANIES								
Marcin Iwiński	15	3	-	-	-	5	-	-
Adam Kiciński	3	2	-	-	-	-	-	-
Piotr Nielubowicz	5	5	-	-	-	2	-	-
Michał Nowakowski	10	6	-	-	-	-	-	1
Adam Badowski	1	3	-	-	-	-	-	-
Piotr Karwowski	2	-	-	-	-	-	-	-
Oleg Klapovskiy	-	1	-	-	-	-	-	-
Urszula Jach-Jaki	1	-	-	-	-	-	-	-



Note 24. Bad loans and credits, and breaches of loan and credit agreements not subject to remedial proceedings as of the balance sheet date

Not applicable.

Note 25. Changes in conditional liabilities and assets since the close of the most recent financial year

Conditional liabilities from sureties and collateral pledged

	Type of agreement	Currency	30.06.2021	31.12.2020
mBank S.A.				
Declaration of submission to enforcement	Collateral for debit card agreement	PLN	920	920
Promissory note agreement	Collateral for framework concerning financial market transactions	PLN	50 000	50 000
Promissory note agreement	Collateral for lease agreement	PLN	667	667
Ingenico Group S.A. (formerly Global Collect Services BV)				
Contract of guarantee	Guarantee of discharge of liabilities by GOG sp. z o.o.	EUR	155	155
Mazovian Unit for Implementation of EU Programs (Mazowiecka Jednostka Wdrażania Programów Unijnych)				
Contractual pledge	Pledge to cover maintenance and renovation expenses related to leased space	PLN	74	115
National Center for Research and Development (Narodowe Centrum Badań i Rozwoju)				
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0105/16	PLN	7 934	7 934
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0110/16	PLN	5 114	5 114
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0112/16	PLN	3 857	3 857
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0118/16	PLN	5 324	5 324
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0120/16	PLN	1 204	1 204

Santander Bank Polska S.A. (formerly BZ WBK S.A.)

Promissory note agreement	Framework agreement concerning financial market transactions	PLN	13 000	13 000
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BNP Paribas

Promissory note agreement	Framework agreement concerning financial market transactions	PLN	75 000	75 000
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Bank Polska Kasa Opieki S.A.

Promissory note agreement	Framework agreement concerning financial market transactions	PLN	20 000	20 000
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Note 26. Changes in the structure of the Group and its member entities occurring during the reporting period

No changes in the structure of the Group and its constituent entities occurred in the reporting period.

Note 27. Agreements which may, in the future, result in changes in the proportion of shares held by shareholders and bondholders

On 24 May 2016 the General Meeting of Shareholders of the parent Company voted to institute an incentive program which remained in force between 2016 and 2019.

Following positive verification of the attainment of the program's goals, which took place in 2020, 5 167 500 exercisable entitlements existed. In the course of exercising these entitlements the Company sold to entitled parties a total of 516 700 shares which had previously been bought back on the open market. The remaining entitlements vested by issuing to entitled parties a total of 4 650 800 subscription warrants. The entitled parties subsequently exercised 4 618 800 from the 4 650 800 subscription warrants assigned thereto, each entitling its holder to claim a single share of the Company issued in the framework of a conditional increase of the Company share capital.

As of the publication date of this statement, there remain 32 000 outstanding Series B subscription warrants, entitling holders to claim the corresponding number of Series M shares. These warrants will expire on 31 October 2022.

Based on the resolutions adopted by the General Meetings on 28 July 2020 and 22 September 2020, the Company introduced another (third) edition of its incentive program, covering the years 2020-2025. As stipulated by the relevant resolutions, a total of 4 000 000 entitlements may be conditionally assigned under the program. The program may vest either by issue and assignment of subscription warrants enabling entitled parties to claim shares of the parent Company (issued separately as a conditional increase of the Company share capital) or by presenting the entitled parties with an offer to purchase shares which the Company will have previously bought back on the open market under a dedicated buy-back program. In either case, assignment and exercise of subscription warrants or purchase from the Company of its own shares will be conditioned upon meeting the goals and criteria of the incentive program. The program provides result goals (80% of entitlements), market goals (20% of entitlements), along with certain individual goals (in selected cases) as well as – in all cases – a loyalty criterion which must be met up until attainment of goals and vesting of the program is confirmed. As of the publication date of this financial statement a total of 2 392 000 entitlements have been granted under the 2020-2025 incentive program.

Note 28. Fiscal settlements

Fiscal settlements and other areas of activity governed by legal regulations (such as import duties or currency exchange) may be subject to audits by administrative bodies authorized to impose high penalties and sanctions. The lack of entrenched legal regulations in Poland leads to numerous ambiguities and inconsistencies in this regard. Interpretation of existing tax law frequently varies from state organ to state organ as well as between state organs and business entities, giving rise to areas of uncertainty and conflict. These conditions elevate tax risks in Poland beyond the level encountered in states with more developed fiscal systems.

As a rule, fiscal settlements may be subject to state audits within five years following the end of the calendar year in which tax payment was due.

IP Box preference

Given that the Company meets the requirements expressed in Art. 19 of the Act of 30 May 2008 on certain forms of supporting innovative activity (JL 2021 item 706), on 11 August 2021, the Minister for Entrepreneurship and Technology issued decision no. DNP-V.4241.11.2021, upholding the previous decision no. 4/CBR/18 of 19 June 2018 which bestowed upon the Company the status of an R&D center. This status entitles the Company to apply broader R&D tax relief options specified in the Corporate Income Tax Act of 15 February 1992 (JL 2020, item 1406, as amended).

On 1 January 2019, the Corporate Income Tax Act was amended with regulations which enable taxpayers to apply a preferential tax rate of 5% to eligible income derived from intellectual property rights. Having fulfilled the conditions and formal stipulations expressed in the aforementioned legislation, the Company is able to apply the preferential rate to certain sources of its income.

Note 29. Clarifications regarding the condensed interim consolidated cash flow statement

	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
Cash and cash equivalents reported in cash flow statement	669 100	164 640
Cash on balance sheet	669 100	164 640
Depreciation	8 889	4 032
Depreciation of intangibles	1 545	984
Depreciation of expenditures on development projects	980	149
Depreciation of PP&E	6 344	2 845
Depreciation of investment properties	20	54
Profit (loss) from exchange rate differences results from:	(2 015)	1 131
Exchange rate differences on estimation of bonds	(2 015)	1 131
Interest and share in profits consist of:	350	(4 049)
Interest on bank deposits	(41)	(4 253)
Interest on bonds	112	2
Interest accrued on loans granted	(62)	(3)
Interest collected on lease agreements	341	205
Profit (loss) from investment activities results from:	4 651	(3 699)
Revenues from sale of PP&E	(7)	(17)
Net value of PP&E sold	7	3
Net value of PP&E liquidated	96	-
Net value of intangibles liquidated	4	3
Net value of investment properties liquidated	51	1 534
Settlement and estimation of derivative instruments	3 004	(5 243)
Bond purchase fee	191	21
Revenues from maturation of bonds	(66 631)	-
Value of bonds held to maturity	67 936	-
Changes in provisions result from:	(236 364)	(6 412)
Balance of changes in provisions for liabilities	(324 674)	(8 350)
Provisions for compensation contingent upon the Group's financial result aggregated with expenses on development projects	88 310	1 938
Changes in inventory status result from:	(9 946)	(3 301)
Balance of changes in inventory status	(9 946)	(3 301)
Changes in receivables result from:	1 029 641	75 304
Balance of changes in short-term receivables	1 027 773	75 410
Balance of changes in long-term receivables	(9)	46
Balance of changes in advance payments for investment properties	-	90
Income tax set against withholding tax	-	8
Change in current income tax receivables	-	(6 351)
Changes in advance payments related to expenditures on development projects	1 735	6 478
Changes in advance payments related to purchase of PP&E, intangibles and investment properties	145	(377)
Withholding tax paid abroad	(3)	-



	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
Changes in short-term liabilities except financial liabilities result from:	(89 563)	1 597
Balance of changes in short-term liabilities	(33 384)	2 625
Change in current income tax liabilities	(52 697)	(904)
Changes in financial liabilities	(3 972)	(202)
Changes in deposit liabilities	(73)	-
Adjustments for changes in liabilities due to purchase of PP&E	533	148
Adjustments for changes in liabilities due to purchase of intangibles	30	785
Adjustment for liabilities related to purchase of investment properties	-	(875)
Adjustment for liabilities booked on the other side as deferrals	-	20
Changes in other assets and liabilities result from:	(5 179)	46 714
Balance of changes in prepaid expenses	2 066	114
Balance of changes in deferred revenues	(7 130)	46 739
Adjustment for prepaid expenses booked on the other side as liabilities	(120)	(140)
Other changes	5	1
Other adjustments include:	18 857	8 833
Cost of incentive program	17 801	7 787
Estimation of derivative financial instruments	(179)	-
Depreciation aggregated with cost of products, services, goods and materials sold, consortium settlements and other operating expenses	1 209	760
Exchange rate differences	26	286

Note 30. Cash flows and other changes resulting from financial activities

	01.01.2021	Cash flows	Non-cash changes				30.06.2021	
			Acquisition of PP&E under lease agreements	Exchange rate differences	Accrued interest	Resolution concerning payment of a dividend		Assignment of own shares
Lease liabilities	18 939	(2 045)	408	76	341	-	-	17 719
Liabilities due to shareholders related to payment of a dividend	-	(503 694)	-	-	-	503 694	-	-
Receivables from entitled parties in the framework of the incentive program	-	2 149	-	-	-	-	(2 149)	-
Total	18 939	(503 590)	408	76	341	503 694	(2 149)	17 719

	01.01.2020	Cash flows	Non-cash changes				30.06.2020	
			Acquisition of PP&E under lease agreements	Exchange rate differences	Accrued interest	Resolution concerning payment of a dividend		Assignment of own shares
Lease liabilities	19 905	(1 674)	742	387	205	-	-	19 565
Total	19 905	(1 674)	742	387	205	-	-	19 565



Nota 31. Events following the balance sheet date

Events with no effect on the financial statement for the period between 1 January and 30 June 2021

On 8 July 2021 the Management Board publicly disclosed that CD PROJEKT S.A. had purchased 100% of shares in Digital Scapes Studios Ltd., registered in Canada. Following this transaction, the studio changed its name to CD PROJEKT RED VANCOUVER STUDIO Ltd. The new member entity of the CD PROJEKT Group joins three existing development teams, based in Warsaw, Kraków and Wrocław respectively, to jointly work on future products.



CD PROJEKT

**Condensed interim separate financial
statement of CD PROJEKT S.A.**

5

Condensed interim separate profit and loss account

	Note	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
Sales revenues		367 173	255 758
Revenues from sales of products		359 978	228 100
Revenues from sales of services		3 628	951
Revenues from sales of goods and materials		3 567	26 707
Cost of products, services, goods and materials sold		88 553	33 958
Cost of products and services sold		85 002	11 965
Cost of goods and materials sold		3 551	21 993
Gross profit (loss) from sales		278 620	221 800
Selling costs		102 968	50 027
General and administrative costs		46 949	20 726
Other operating revenues		5 133	4 452
Other operating expenses		5 694	6 836
(Impairment)/reversal of impairment of financial instruments		(1)	(75)
Operating profit (loss)		128 141	148 588
Financial revenues		16 172	9 449
Financial expenses		22 432	4 127
Profit (loss) before tax		121 881	153 910
Income tax	A	11 516	12 636
Net profit (loss)		110 365	141 274
Net earnings per share (in PLN)			
Basic for the reporting period		1.10	1.47
Diluted for the reporting period		1.10	1.40

Condensed interim separate statement of comprehensive income

	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
Net profit/(loss)	110 365	141 274
Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria	1 778	91
Estimation of financial instruments at fair value through other comprehensive income, adjusted for tax effects	1 778	91
Other comprehensive income which will not be entered as profit (loss)	-	-
Total comprehensive income	112 143	141 365



Condensed interim separate statement of financial position

	Note	30.06.2021	31.12.2020*
FIXED ASSETS		926 144	738 694
Property, plant and equipment		97 548	101 050
Intangibles		59 977	60 125
Expenditures on development projects		360 775	384 625
Investment properties		61 970	48 841
Goodwill	C	49 168	49 168
Investments in subsidiaries		25 888	24 567
Deferrals		5 293	5 535
Other financial assets	G	212 150	53 465
Deferred income tax assets	A	53 338	11 286
Other receivables	F,G	37	32
WORKING ASSETS		1 121 886	2 006 389
Inventories		13 787	3 827
Trade receivables	F,G	131 182	1 255 867
Other receivables	F	115 686	48 922
Deferrals		4 247	3 366
Other financial assets	G	208 026	107 125
Bank deposits (maturity beyond 3 months)	G	50 073	164 368
Cash and cash equivalents	G	598 885	422 914
TOTAL ASSETS		2 048 030	2 745 083

* adjusted



	Note	30.06.2021	31.12.2020*
EQUITY		1 755 642	2 127 165
Share capital	21**	100 739	100 655
Supplementary capital		1 366 952	737 542
Supplementary capital from sale of shares above nominal value		115 909	113 844
Other reserve capital		65 856	47 068
Retained earnings		(4 179)	-
Net profit (loss) for the reporting period		110 365	1 128 056
LONG-TERM LIABILITIES		20 320	164 990
Other financial liabilities	G	14 482	14 917
Other liabilities		2 980	3 173
Deferred revenues		2 481	910
Provisions for employee benefits and similar liabilities		377	377
Other provisions	B	-	145 613
SHORT-TERM LIABILITIES		272 068	452 928
Other financial liabilities	G	6 183	2 053
Trade liabilities	G	14 896	73 024
Current income tax liabilities		54 409	1 296
Other liabilities		4 057	4 933
Deferred revenues		32 630	42 286
Provisions for employee benefits and similar liabilities		3	3
Other provisions	B	159 890	329 333
TOTAL EQUITY AND LIABILITIES		2 048 030	2 745 083

* adjusted

** Detailed information concerning these items can be found in explanatory notes accompanying the condensed interim consolidated financial statement.

Condensed interim statement of changes in separate equity

	Share capital	Supplementary capital	Supplementary capital from sale of shares above nominal value	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
01.01.2021 – 30.06.2021							
Equity as of 01.01.2021	100 655	737 542	113 844	47 068	1 132 235	-	2 131 344
Rectification of errors	-	-	-	-	(4 179)	-	(4 179)
Adjusted equity	100 655	737 542	113 844	47 068	1 128 056	-	2 127 165
Cost of incentive program	-	-	-	17 879	-	-	17 879
Allocation of net profit/ coverage of losses	-	628 541	-	-	(628 541)	-	-
Payment in own shares	84	869	2 065	(869)	-	-	2 149
Dividend payment	-	-	-	-	(503 694)	-	(503 694)
Total comprehensive income	-	-	-	1 778	-	110 365	112 143
Equity as of 30.06.2021	100 739	1 366 952	115 909	65 856	(4 179)	110 365	1 755 642

The Company has rectified its calculation of deferred tax assets for 31 December 2020, reclassifying some of the negative temporary differences from the 19% tax rate category to the 5% tax rate category. This resulted in a decrease in Equity by 4 179 thousand PLN.

	Share capital	Supplementary capital	Supplementary capital from sale of shares above nominal value	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
01.01.2020 – 30.06.2020*							
Equity as of 01.01.2020	96 120	744 463	3 861	54 655	172 826	-	1 071 925
Cost of incentive program	-	-	-	7 931	-	-	7 931
Total comprehensive income	-	-	-	91	-	141 274	141 365
Equity as of 30.06.2020	96 120	744 463	3 861	62 677	172 826	141 274	1 221 221

* adjusted

The Company adjusted the presentation of the effect of the vesting of its incentive program for 2012-2015. As a result of this change, the "Other reverse capital" line item was adjusted downward by 3 861 thousand PLN, while the "Supplementary capital from sale of shares above nominal value" was adjusted upward by the same amount.

Condensed interim separate statement of cash flows

	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
OPERATING ACTIVITIES		
Net profit (loss)	110 365	141 274
Total adjustments:	826 853	119 655
Depreciation of PP&E, intangibles, expenditures on development projects and investment properties	6 496	2 523
Depreciation of expenditures on development projects recognized as cost of products and services sold	43 684	11 197
Profit (loss) from exchange rate differences	(2 059)	1 028
Interest and profit sharing	288	(4 028)
Profit (loss) from investment activities	4 571	(3 699)
Change in provisions	(226 747)	(5 847)
Change in inventories	(9 960)	(3 637)
Change in receivables	1 059 993	72 627
Change in liabilities excluding credits and loans	(58 581)	1 286
Change in other assets and liabilities	(8 844)	39 393
Other adjustments	18 012	8 812
Cash flows from operating activities	937 218	260 929
Income tax on pre-tax profit (loss)	11 513	12 636
Withholding tax paid abroad	3	-
Income tax (paid)/reimbursed	(349)	(9 797)
Net cash flows from operating activities	948 385	263 768
INVESTMENT ACTIVITIES		
Inflows	241 135	420 354
Sales of PP&E and intangibles	775	14
Expenditures on development projects transferred in accordance with consortium agreement	-	185
Repayment of loans granted	1 012	573
Closing bank deposits (maturity beyond 3 months)	164 368	415 380
Maturation of bonds	66 628	-
Interest on bonds received	281	33
Inflows from settlement of forward contracts	7 962	-
Other inflows from investment activities	109	4 169
Outflows	510 419	583 663
Purchases of intangibles and PP&E	18 187	11 449
Expenditures on development projects	108 937	110 129
Purchase of investment properties and activation of future costs	1 405	4 093
Loans granted	3 740	2 000
Purchase of bonds and the associated purchase fees	328 077	158 953
Opening bank deposits (maturity beyond 3 months)	50 073	297 031
Other outflows from investment activities	-	8
Net cash flows from investment activities	(269 284)	(163 309)

	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
FINANCIAL ACTIVITIES		
Inflows	2 169	-
Net inflows from sale and issue of shares in the exercise of rights assigned under the incentive program	2 149	-
Collection of receivables arising from financial lease agreements	20	-
Outflows	505 299	1 176
Dividends and other payments due to equity holders	503 694	-
Payment of liabilities arising from lease agreements	1 304	1 032
Interest payments	301	144
Net cash flows from financial activities	(503 130)	(1 176)
Total net cash flows	175 971	99 283
Balance of changes in cash and cash equivalents	175 971	99 283
Cash and cash equivalents at beginning of period	422 914	14 186
Cash and cash equivalents at end of period	598 885	113 469

Clarifications regarding the separate statement of cash flows

	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
The “other adjustments” line item comprises:	18 012	8 812
Cost of incentive program	16 558	7 722
Depreciation aggregated with selling costs, consortium settlements and other operating expenses	1 454	1 090

Comparability of financial statements and changes in accounting policies

The accounting practices applied in preparing this condensed interim separate financial statement, the Management Board’s professional judgment concerning the Company’s accounting practices as well as the main sources of uncertainty in estimations are in all material aspects consistent with the practices applied in preparing the Separate Financial Statement of CD PROJEKT S.A. for 2020, except for changes in practices and presentation-related adjustments described below. This condensed interim separate financial statement should be read in conjunction with the Company’s separate financial statement for the year ending 31 December 2020.

Changes in accounting policies

Changes in accounting practices applicable to the Company are in all matters analogous to those described in the section titled “Assumption of comparability of financial statements and changes in accounting policies” of the consolidated financial statement for the period between 1 January and 30 June 2021.

Presentation adjustments

This condensed interim separate financial statement for the period between 1 January and 30 June 2021 incorporates certain adjustments in the presentation of financial data. In order to ensure comparability of financial data in the reporting period, the following adjustments were introduced in the presentation of reference data for 31 December 2020:

- The Company rectified its calculation of deferred tax assets for 31 December 2020 by reassigning some negative temporary differences from the 19% tax rate category to the 5% tax rate category. This resulted in the following adjustments:
 - Deferred income tax assets – adjusted by (4 179) thousand PLN
 - Net profit for the reporting period – adjusted by (4 179) thousand PLN.

These changes resulted in a reduction in equity by 4 179 thousand PLN.

- In the statement of financial position for 31 December 2020 the presentation of goodwill was adjusted as follows:
 - Goodwill – adjusted by 49 168 thousand PLN
 - Intangibles – adjusted by (49 168) thousand PLN

These changes have no effect on the Company's financial result or equity.

Supplementary information concerning the separate financial statement of CD PROJEKT S.A.

A. Deferred income tax

Negative temporary differences requiring recognition of deferred tax assets

	31.12.2020*	Differences affecting deferred tax aggregated with financial result	Differences affecting deferred tax aggregated with other comprehensive income	30.06.2021
Provisions for other employee benefits	380	-	-	380
Provisions for compensation dependent on financial result, and other compensation	190 040	(169 878)	-	20 162
Tax loss	226 106	-	-	226 106
Negative exchange rate differences	23 810	(6 439)	-	17 371
Difference between balance sheet value and tax value of expenditures on development projects	3 043	567	-	3 610
Compensation and social security payable in future reporting periods	23	13	-	36
Other provisions	220 327	(85 430)	-	134 897
R&D tax relief	309 826	-	-	309 826
Advances recognized as taxable income	4 036	(2 756)	-	1 280
Total negative temporary differences	977 591	(263 923)	-	713 668
subject to 5% tax rate	647 098	(253 812)	-	393 286
subject to 19% tax rate	330 493	(10 111)	-	320 382
Deferred tax assets	95 149	(14 612)	-	80 537

* adjusted

Positive temporary differences requiring creation of deferred tax liabilities

	31.12.2020*	Differences affecting deferred tax aggregated with financial result	Differences affecting deferred tax aggregated with other comprehensive income	30.06.2021
Difference between net balance sheet value and tax value of PP&E and intangibles	13 216	273	-	13 489
Revenues obtained in the current period but invoiced in future periods	1 201 113	(1 092 639)	-	108 474
Positive exchange rate differences	21 577	(4 343)	-	17 234
Estimation of bonds	610	(506)	(104)	-
Estimation of forward contracts	6 835	(6 835)	-	-
Difference between balance sheet value and tax value of expenditures on development projects	289 019	16 541	-	305 560
Other sources	70	105	-	175
Total positive temporary differences	1 532 440	(1 087 404)	(104)	444 932
subject to 5% tax rate	1 480 720	(1 071 164)	-	409 556
subject to 19% tax rate	51 720	(16 240)	(104)	35 376
Deferred tax liabilities	83 863	(56 644)	(20)	27 199

* adjusted

Deferred income tax was estimated in part by applying the standard corporate income tax rate of 19% (applicable to revenues from other sources) and in part by applying the preferential rate of 5% (applicable to eligible IP-related revenues under the IP BOX tax relief regulation). In determining the correct rate to apply to temporary differences, the Company relied on projections regarding the tax base to which each temporary difference is likely to apply.

Net balance of deferred tax assets/liabilities

	30.06.2021	31.12.2020*
Deferred tax assets	80 537	95 149
Deferred tax liabilities	27 199	83 863
Net deferred tax – assets/(liabilities)	53 338	11 286

* adjusted

Income tax reported in profit and loss account

	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
Current income tax, including:	53 464	15 107
withholding tax paid abroad	3	-
Change in deferred income tax	(41 948)	(2 471)
Income tax reported in profit/loss account	11 516	12 636

B. Other provisions

	30.06.2021	31.12.2020
Provisions for returns	85 985	194 537
Provisions for liabilities, including:	73 905	280 409
provisions for financial statement audit and review expenses	60	45
provisions for compensation contingent upon the Company's financial result, and other compensation	21 889	246 278
provisions for other expenses	51 956	34 086
Total, including:	159 890	474 946
short-term provisions	159 890	329 333
long-term provisions	-	145 613

Change in other provisions

	Provisions for returns	Provisions for compensation contingent upon the Group's financial result, and other compensation	Other provisions	Total
As of 01.01.2021	194 537	246 278	34 131	474 946
Provisions created during the financial year	42 634	23 969	44 849	111 452
Provisions consumed	69 031	246 852	26 703	342 586
Provisions dissolved	82 155	1 506	261	83 922
As of 30.06.2021, including:	85 985	21 889	52 016	159 890
short-term provisions	85 985	21 889	52 016	159 890
long-term provisions	-	-	-	-

Further information regarding other provisions can be found in the Management Board report on CD PROJEKT Group and CD PROJEKT S.A. activities for the period between 1 January and 30 June 2021.

C. Goodwill

No changes in goodwill occurred between 1 January and 30 June 2021.

D. Business combinations

The Company did not merge with any other entity between 1 January and 30 June 2021.

E. Dividends paid out (or declared) and collected

On 25 May 2021 the Ordinary General Meeting of CD PROJEKT S.A. voted to allocate part of the Company's profit in 2020 towards a dividend payable to Company shareholders. In line with the corresponding resolution, on 8 June 2021 the Company paid out a dividend in the amount of 503 694 thousand PLN, i.e. 5 PLN per share. The dividend appertained to 100 738 800 shares of the Company.

F. Trade and other receivables

	30.06.2021	31.12.2020
Gross trade and other receivables	247 764	1 305 679
Impairment allowances	859	858
Trade and other receivables	246 905	1 304 821
from affiliates	4 795	62 369
from external entities	242 110	1 242 452

Changes in impairment allowances on receivables

	Trade receivables	Other receivables
OTHER ENTITIES		
Impairment allowances as of 01.01.2021	126	732
Increases from:	6	-
creation of allowances for past-due and contested receivables	6	-
Reductions from:	5	-
dissolution of impairment allowances	5	-
Impairment allowances as of 30.06.2021	127	732

Current and overdue trade receivables as of 30.06.2021

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
AFFILIATES							
gross receivables	2 337	1 781	248	5	303	-	-
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	-	-	-	-	-	-	-
total expected credit loss	-	-	-	-	-	-	-
Net receivables	2 337	1 781	248	5	303	-	-

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	128 972	125 511	3 294	-	1	38	128
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	127	-	-	-	-	-	127
total expected credit loss	127	-	-	-	-	-	127
Net receivables	128 845	125 511	3 294	-	1	38	1
Total							
gross receivables	131 309	127 292	3 542	5	304	38	128
impairment allowances	127	-	-	-	-	-	127
Net receivables	131 182	127 292	3 542	5	304	38	1

Other receivables

	30.06.2021	31.12.2020
Other gross receivables, including:	116 455	49 686
tax returns except corporate income tax	81 890	18 139
advance payments associated with expenditures on development projects	26 088	24 353
advance payments for supplies	4 721	3 962
consortium settlements	2 458	2 073
deposits	298	296
prepayments associated with purchases of PP&E and intangibles	196	38
prepayments associated with purchases of investment properties	57	70
employee compensation settlements	4	5
settlements with Management Board members	-	7
other	11	11
Impairment allowances	732	732
Total other receivables:	115 723	48 954
short-term	115 686	48 922
long-term	37	32

G. Disclosure of financial instruments

Fair value of financial instruments per class

The Management Board of the Company has assessed each class of financial instruments held by the Company and reached the conclusion that their carrying amount does not significantly differ from their corresponding fair value as of 30 June 2021 and 31 December 2020 respectively.

	30.06.2021	31.12.2020
LEVEL 1		
Assets estimated at fair value		
Financial assets estimated at fair value through other comprehensive income	198 272	97 397
foreign government bonds - CHF	-	32 023
foreign government bonds - EUR	13 218	20 829
foreign government bonds - USD	185 054	44 545
LEVEL 2		
Assets estimated at fair value through financial result		
Derivative instruments	-	6 449
forward currency contracts - CHF	-	1 232
forward currency contracts - EUR	-	(387)
forward currency contracts - USD	-	5 604
Liabilities estimated at fair value through financial result		
Derivative instruments	4 518	-
forward currency contracts - EUR	(64)	-
forward currency contracts - USD	4 582	-

Financial assets estimated at fair value are classified according to a three-tier fair value hierarchy:

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

Level 2 – fair value estimated on the basis of observable market inputs.

Level 3 – fair value estimated on the basis of unobservable market inputs.

Financial assets – classification and estimation

	30.06.2021	31.12.2020
Financial assets estimated at amortized cost	1 002 081	1 899 925
Other long-term receivables	37	32
Trade receivables	131 182	1 255 867
Cash and cash equivalents	598 885	422 914
Bank deposits (maturity beyond 3 months)	50 073	164 368
State Treasury bonds	211 961	49 588
Loans granted	9 943	7 156
Financial assets estimated at fair value through other comprehensive income	198 272	97 397
Foreign government bonds	198 272	97 397
Financial assets estimated at fair value through financial result	-	6 449
Derivative financial instruments	-	6 449
Total financial assets	1 200 353	2 003 771

**Financial liabilities – classification and estimation**

	30.06.2021	31.12.2020
Financial liabilities estimated at amortized cost	31 043	89 994
Trade liabilities	14 896	73 024
Other financial liabilities	16 147	16 970
Financial liabilities estimated at fair value through financial result	4 518	-
Derivative financial instruments	4 518	-
Total financial liabilities	35 561	89 994

H. Transactions with affiliates

	Sales to affiliates		Purchases from affiliates		Receivables from affiliates		Liabilities due to affiliates	
	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020
SUBSIDIARIES								
GOG sp. z o.o.	8 216	5 696	1 398	175	3 659	61 660	136	181
CD PROJEKT Inc.	284	287	7 085	3 291	1 155	1 834	592	558
CD PROJEKT Co., Ltd.	-	-	3 155	1 828	-	-	353	557
Spokko sp. z o.o.	347	131	-	-	8 464	4 601	-	-
CD PROJEKT RED STORE sp. z o.o.	585	656	87	43	1 460	1 423	8	202
MANAGEMENT BOARD MEMBERS								
Marcin Iwiński	15	3	-	-	-	5	-	-
Adam Kiciński	3	2	-	-	-	-	-	-
Piotr Nielubowicz	4	3	-	-	-	2	-	-
Michał Nowakowski	10	6	-	-	-	-	-	1
Adam Badowski	1	3	-	-	-	-	-	-
Piotr Karwowski	1	-	-	-	-	-	-	-

Statement of the Management Board of the parent entity

With regard to the correctness of the condensed interim consolidated financial statement

Pursuant to the directive of the Finance Minister of 29 March 2018 regarding the publication of periodic and current reports by issuers of securities and the conditions for regarding as equivalent the information required under the laws of a non-member state, the Management Board of the parent entity hereby states that, to the best of its knowledge, this condensed interim consolidated financial statement and comparative data contained herein have been prepared in accordance with all accounting regulations applicable to the CD PROJEKT Group and that they constitute a true, unbiased and clear description of the finances and assets of the Group as well as its current profit and loss balance.

This condensed interim consolidated financial statement conforms to International Financial Reporting Standards (IFRS) approved by the European Union and in force as of 1 January 2021. Where the above mentioned standards are not applicable the statement conforms to the Accounting Act of 29 September 1994 and to any secondary legislation based on said Act, as well as to the directive of the Finance Minister of 29 March 2018 regarding the publication of periodic and current reports by issuers of securities and the conditions for regarding as equivalent the information required under the laws of a non-member state.

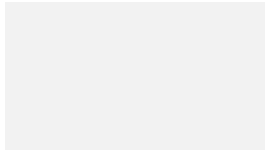
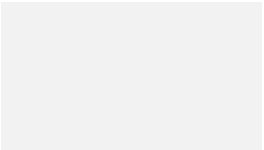
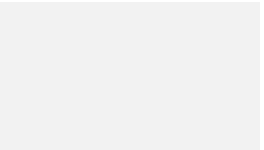
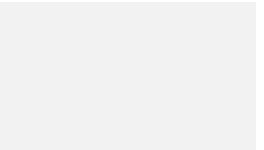
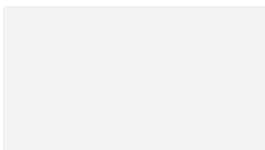
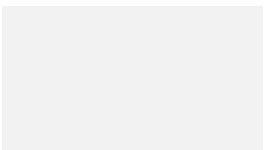
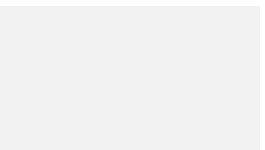
With regard to the entity contracted to perform a review of the condensed interim consolidated financial statement

On 14 May 2020 the Supervisory Board of the parent Company concurred with the Audit Committee recommendation and selected Grant Thornton Polska sp. z o.o. sp. k. with a registered office in Poznań as the entity contracted to review the semiannual financial statements and to perform an audit of the annual financial statements of the Company and its Group for 2020 and 2021. Grant Thornton Polska sp. z o.o. sp. k. is authorized to conduct audits of financial statements by the National Chamber of Licensed Auditors (license no. 4055).

Approval of financial statement

This semiannual financial statement was signed and approved for publication by the Management Board of CD PROJEKT S.A. on 1 September 2021.

Warsaw, 1 September 2021

			
Adam Kiciński President of the Board	Marcin Iwiński Vice President of the Board	Piotr Nielubowicz Vice President of the Board	Adam Badowski Board Member
			
Michał Nowakowski Board Member	Piotr Karwowski Board Member	Krystyna Cybulska Chief Accountant	



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