



FINANCIAL STATEMENT OF
CD PROJEKT S.A.
IN THE FISCAL YEAR 2015



Disclaimer

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CD PROJEKT

General information

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Entity

Name:	CD PROJEKT S.A.
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 Capital Group which focuses on videogame development as well as videogame and motion picture distribution
Keeper of records:	District Court for the City of Warsaw in Warsaw – Poland; 13th Commercial Department of the National Court Register (Sąd Rejonowy dla m.st. Warszawy w Warszawie, XIII Wydział Gospodarczy Krajowego Rejestru Sądowego)
Statistical Identification Number (REGON):	492707333

Reporting periods

This separate financial statement covers the period between 1 January and 31 December 2015 inclusive. Comparative data is valid for 31 December 2014 in the separate statement of financial position and for the period between 1 January 2014 and 31 December 2014 in the separate profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity.

Functional currency and presentation currency

All items in this financial statement are expressed in the currency of the primary economic environment in which the Company operates (functional currency). The financial statement is presented in Polish Zlotys (PLN), which is the functional and presentation currency of the Company. Unless indicated otherwise all figures in this financial statement are quoted in PLN thousands.

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 account unless deferred in the equity capital as a cash flow hedges and hedges of net investments.

Assumption of going concern

This separate financial statement is prepared under the assumption that the Company intends to continue as a going concern throughout the 12-month period following the balance sheet date.

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 financial statement covering the period between 1 January and 31 December 2015 no events have occurred which should have been reflected in the accounts for that period but have not been reflected therein. Additionally, no important events have occurred in relation to the preceding years.

Composition of the governing bodies of the Company as of 31 December 2015

Management Board

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

Changes in Management Board composition

In **Current Report no. 22/2015** of 21 October 2015 the Company announced that the Supervisory Board had appointed Mr. Piotr Karwowski to the Management Board of the Company, effective on 1 November 2015.

Supervisory Board

Chairwoman of the Supervisory Board	Katarzyna Szwarc
Deputy Chairman of the Supervisory Board	Piotr Pągowski
Supervisory Board Member	Grzegorz Kujawski
Supervisory Board Member	Maciej Majewski
Supervisory Board Member	Krzysztof Kilian

Changes in Supervisory Board composition

In **Current Report no. 8/2015** of 6 May 2015 the Management Board announced that Mr. Cezary Iwański had tendered his resignation as member of the Supervisory Board, effective on 7 May 2015. The reason for the resignation, as stated in the formal notice, was the potential conflict of interest which might have arisen due to Mr. Cezary Iwański's appointment as Chairman of the Management Board of BPS TFI S.A.

As announced in **Current Report no. 13/2015** of 28 May 2015 the Ordinary General Meeting of Shareholders reappointed the following members of the Supervisory Board for a new term:

- Ms. Katarzyna Szwarc
- Mr. Grzegorz Kujawski
- Mr. Maciej Majewski
- Mr. Piotr Pągowski

Additionally, the General Meeting appointed a new member of the Supervisory Board – Mr. Krzysztof Kilian.



Licensed auditors

PKF Consult spółka z ograniczoną odpowiedzialnością sp. k.
Orzycka 6 lok. 1B
02-695 Warsaw

In **Current Report no. 14/2015** of 28 May 2015 the Management Board of CD PROJEKT S.A. announced that, in compliance with the applicable legislation and the professional code of conduct, the responsible body, i.e. the Supervisory Board, selected a licensed auditor to perform reviews and audits of individual and consolidated financial statements of CD PROJEKT S.A. for the year 2015. The entity selected for this purpose is PKF Consult Sp. z o.o. (currently PKF Consult spółka z ograniczoną odpowiedzialnością sp. k.). In making this choice the Supervisory Board acknowledged the need to maintain full independence and transparency of the selection process as well as of the actions performed by the selected auditor.

Regulated market listings

General information

Stock exchange	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.)
	Książęca 4
	00-498 Warsaw
WSE ticker symbol	CDR

Depository and settlement system

Depository and settlement system	National Deposit for Securities (Krajowy Depozyt Papierów Wartościowych S.A.; KDPW)
	Książęca 4
	00-498 Warsaw

Investor relations

Investor relations	gielda@cdprojekt.com
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Shareholder structure

Shareholders who control, directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting of Shareholders as of the publication date of this statement

	No. of shares	Percentage share in share capital	No. of votes at the GM	Percentage share in total number of votes at the GM
Michał Kiciński ⁽¹⁾	12 281 616	12.93%	12 281 616	12.93%
Marcin Iwiński	12 000 000	12.64%	12 000 000	12.64%
Piotr Nielubowicz	5 985 197	6.30%	5 985 197	6.30%
PKO TFI S.A. ⁽²⁾	9 000 000	9.48%	9 000 000	9.48%
Amplico PTE S.A. ⁽³⁾	5 003 719	5.27%	5 003 719	5.27%
AVIVA OFE ⁽⁴⁾	4 940 000	5.20%	4 940 000	5.20%
other shareholders	45 739 468	48.17%	45 739 468	48.17%

(1) As disclosed in Current Report no. 2/2015 of 23 February 2015.

(2) As disclosed in Current Report no. 19/2011 of 25 February 2011.

(3) As disclosed in Current Report no. 20/2013 of 11 September 2013.

(4) As disclosed in Current Report no. 25/2012 of 6 September 2012.

Changes in shareholder structure

In **Current Report no. 2/2015** of 23 February 2015 the Company disclosed that it had received notice from Mr. Piotr Nielubowicz, acting on behalf of himself as well as the remaining parties to the agreement disclosed in **Current Report No. 54/2010** of 2 September 2010, namely Mr. Marcin Iwiński, Mr. Michał Kiciński and Mr. Adam Kiciński, to the effect that the agreement existing between the parties and concerning joint purchases of Company shares and acting in concert at General Meetings of Shareholders of the Company had been dissolved on 23 February 2015. As stated by parties to the dissolved agreement, the agreement itself was a consequence of the merger between the CDP Investment Capital Group and OPTIMUS S.A. carried out in 2009-2010, whereas the current overriding concern of those parties who retain executive positions at the Company is to jointly act in the best interests of the Company and its Capital Group by discharging their executive duties.

In **Current Report no. 21/2015** of 8 October 2015 the Management Board of CD PROJEKT S.A. announced that Mr. Marcin Iwiński – Vice President of the Board had sold 607 501 Company shares on the regulated market of the Warsaw Stock Exchange.

Capital Group – overview

Subsidiaries



In [Current Report no. 35/2015](#) of 31 December 2015 the Management Board announced that on 31 December 2015 the registry court having jurisdiction over the Company’s registered office, i.e. the District Court for the City of Warsaw, 13th Commercial Department of the National Court Registry, registered the merger between the Company and its subsidiary Brand Projekt sp. z o.o., headquartered in Warsaw, Jagiellońska 73 and entered in the Register of Entrepreneurs by the District Court for the City of Warsaw, 13th Commercial Department under the name “Brand Projekt”, with registration no. (KRS) 00000470676.

The merger was carried out under Art. 492 § 1 item 1 of the Commercial Company Code (merger by takeover) by transferring the totality of the assets and liabilities of Brand Projekt (the Acquiree) to the Company (the Acquirer). In light of the fact that the Company had held 100% of Brand Projekt shares, the merger was carried out in compliance with Art. 515 § 1 and Art. 516 § 6 of the Commercial Company Code, i.e. without increasing the Company’s share capital, without converting Brand Projekt shares into Company shares and without the need to submit the merger plan for review by a licensed auditor, as stipulated by Art. 503 § 1 of the Commercial Company Code.

Validation of published estimates

The Company did not publish any estimates referring to the reporting period.

Selected financial highlights

The official PLN/EUR exchange rates published by the National Bank of Poland and valid for the reporting period included in this financial statement are as follows:

Reporting period	Average rate*	Minimum rate	Peak rate	Rate as of the final day of the reporting period
01.01.2015 – 31.12.2015	4.1848	3.9822	4.3580	4.2615
01.01.2014 – 31.12.2014	4.1893	4.0998	4.3138	4.2623

* Average value of exchange rates on the final day of each month belonging to the reporting period.

Selected items from the separate statement of financial position have been converted into EUR by applying the exchange rate for the final day of the reporting period, as published by the National Bank of Poland.

Assets and liabilities listed in the separate profit and loss account and statement of cash flows have been converted into EUR by applying the average value of exchange rates for the final day of each month belonging to the reporting period, as published by NBP.

Selected financial highlights (in EUR)

thousands	PLN		EUR	
	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014*	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014*
Net revenues from sales of products, goods and materials	698 225	34 455	166 848	8 225
Cost of products, goods and materials sold	149 321	15 010	35 682	3 583
Operating profit/(loss)	407 527	1 387	97 383	331
Gross profit/(loss)	413 546	(13 416)	98 821	(3 202)
Net profit/(loss)	336 200	(12 407)	80 338	(2 962)
Net cash flows from continuing operations	350 960	(16 202)	83 865	(3 867)
Net cash flows from investment activities	(231)	8 209	(55)	1 960
Net cash flows from financial activities	2 548	938	609	224
Aggregate net cash flows	353 275	(7 055)	84 419	(1 684)
Stock volume (in thousands)	94 950	94 950	94 950	94 950
Net profit/(loss) per ordinary share (PLN/EUR)	3.54	(0.13)	0.85	(0.03)
Diluted profit/(loss) per ordinary share (PLN/EUR)	3.54	(0.13)	0.85	(0.03)
Book value per share (PLN/EUR)	5.06	1.50	1.19	0.35
Diluted book value per share (PLN/EUR)	5.06	1.50	1.19	0.35
Declared or paid out dividend per share (PLN/EUR)	-	-	-	-

thousands	PLN		EUR	
	31.12.2015	31.12.2014*	31.12.2015	31.12.2014*
Total assets	618 617	208 818	145 164	48 992
Liabilities and provisions for liabilities (less accrued charges)	137 686	65 549	32 309	15 379
Long-term liabilities	18 643	2 363	4 375	554
Short-term liabilities	119 887	64 191	28 133	15 060
Equity	480 087	142 264	112 657	33 377
Share capital	94 950	94 950	22 281	22 277

* following presentation adjustments



Statement of the Management Board

Pursuant to the directive of the Finance Minister of 19 February 2009 regarding the publication of periodic and current reports by issuers of securities, the Management Board of the Company hereby states that, to the best of its knowledge, this separate financial statement and comparative data contained herein have been prepared in accordance with all accounting regulations applicable to CD PROJEKT S.A. and that they constitute a true, unbiased and clear description of the finances and assets of the Company as well as its current profit and loss balance.

This separate financial statement has been prepared in accordance with accounting practices consistent with the International Financial Reporting Standards (IFRS) as legislated by the European Union, which have been published and entered into force by 31 December 2015. Where such practices are not applicable the statement conforms to the Accounting Act of 29 September 1994 (Journal of Laws of the Republic of Poland, 2013, item no. 330 with subsequent changes) and to any secondary legislation based on said Act, as well as to the directive of the Finance Minister of 19 February 2009 regarding the publication of periodic and current reports by issuers of securities (Journal of Laws of the Republic of Poland, No. 2014/33).



CD PROJEKT

Separate financial statement of CD PROJEKT S.A.

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Profit and loss account

PLN thousands	Note	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014*
Sales revenues	1,2	698 225	34 455
Revenues from sales of products	-	644 924	22 298
Revenues from sales of services	-	2 035	2 570
Revenues from sales of goods and materials	-	51 266	9 587
Cost of products, goods and materials sold	2, 3	149 321	15 010
Cost of products and services sold	-	102 508	6 067
Value of goods and materials sold	-	46 813	8 943
Gross profit (loss) from sales	-	548 904	19 445
Other operating revenues	4	1 943	7 260
Selling costs	3	46 175	14 661
General and administrative costs	3	54 794	9 179
Other operating expenses	4	42 351	1 479
Operating profit (loss)	-	407 527	1 387
Financial revenues	5	15 737	9 653
Financial expenses	5	9 718	24 455
Profit (loss) before tax	-	413 546	(13 416)
Income tax	6	77 400	(1 009)
Financial result of acquiree	-	54	-
Profit (loss) from continuing operations	-	336 200	(12 407)
Profit (loss) from discontinued operations	-	-	-
Net profit (loss)	-	336 200	(12 407)
Net earnings per share (PLN)			
Basic for the reporting period	8	3.54	(0.13)
Diluted for the reporting period	8	3.54	(0.13)
Net earnings per share from continuing operations (PLN)			
Basic for the reporting period	8	3.54	(0.13)
Diluted for the reporting period	8	3.54	(0.13)

* following presentation adjustments

Statement of comprehensive income

PLN thousands	Note	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Net profit (loss)	10	336 200	(12 407)
Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria	-	-	-
Other comprehensive income which will not be entered as profit (loss)	-	-	-
Total comprehensive income		336 200	(12 407)



Statement of financial position

PLN thousands	Note	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
FIXED ASSETS	-	102 404	78 064
Tangible assets	12	6 579	4 603
Intangible assets	13	69 028	62 372
Goodwill	16	11 750	9 855
Other financial assets	19,37	547	547
Deferred income tax assets	6	14 285	410
Other fixed assets	17	215	277
CURRENT ASSETS	-	516 213	130 754
Inventories	20	34 106	96 511
Trade receivables	22	87 591	5 360
Other receivables	23	27 426	12 981
Other financial assets	19, 37	165	2 745
Prepaid expenses	24	703	210
Cash and cash equivalents	25	366 222	12 947
TOTAL ASSETS	-	618 617	208 818

PLN thousands	Note	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
EQUITY	-	480 087	142 264
Equity attributable to Company shareholders	-	480 087	142 264
Share capital	26	94 950	94 950
Supplementary capital, incl. sales of shares above nominal price	28	110 936	110 936
Other reserve capital	28	3 354	1 716
Retained earnings	29	(65 353)	(52 931)
Net profit (loss) for the reporting period	-	336 200	(12 407)
LONG-TERM LIABILITIES	-	18 643	2 363
Other financial liabilities	31,37	-	260
Deferred income tax liabilities	6	18 197	1 115
Deferred revenues	38	415	965
Provisions for employee benefits and similar liabilities	39	31	23
SHORT-TERM LIABILITIES	-	119 887	64 191
Credits and loans	30	-	4
Other financial liabilities	31,37	19 824	397
Trade liabilities	33	4 660	9 286
Liabilities from current income tax	6	7 349	497
Other liabilities	34,35	51 754	53 737
Deferred revenues	38	429	40
Provisions for employee benefits and similar liabilities	39	137	139
Other provisions	40	35 734	91
TOTAL LIABILITIES	-	618 617	208 818