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**MERGER PLAN**

concerning CD PROJEKT S.A.

and

CD PROJEKT Brands S.A.

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# MERGER PLAN (WITH APPENDICES)

## 1 INTRODUCTION

This merger plan (hereafter referred to as “**the Merger Plan**”) has been prepared and agreed upon in compliance with Art. 498 and Art 499 of the Act of 15 September 2000 referred to as the Commercial Company Code (consolidated text: Journal of Laws, 2016, item 1578 with subsequent changes, hereafter referred to as “**CCC**”) and concerns:

- (1) CD PROJEKT Spółka Akcyjna with a registered office in Warsaw,  
and
- (2) CD PROJEKT Brands Spółka Akcyjna with a registered office in Warsaw.

The abovementioned companies are hereafter jointly referred to as “**the Companies**” with each company separately referred to as “**the Company**”.

## 2 TYPE, NAME AND REGISTERED OFFICE OF MERGING COMPANIES

### 2.1 Acquirer

CD PROJEKT Spółka Akcyjna with a registered office in Warsaw, Jagiellońska 74, 03-301, entered in the Register of Entrepreneurs by the District Court for the City of Warsaw, 13<sup>th</sup> Commercial Department of the National Court Registry; National Court Register (KRS) number: 0000006865; share capital: 95,820,000 PLN paid in full; tax identification number (NIP): 7342867148, statistical identification number (REGON): 492707333 (hereafter referred to as “**the Acquirer**”).

### 2.2 Acquiree

CD PROJEKT Brands Spółka Akcyjna with a registered office in Warsaw, Jagiellońska 74, 03-301, entered in the Register of Entrepreneurs by the District Court for the City of Warsaw, 13<sup>th</sup> Commercial Department of the National Court Registry; National Court Register (KRS) number: 0000521325; share capital: 200,000 PLN paid in full; tax identification number (NIP): 1132879797, statistical identification number (REGON): 147386824 (hereafter referred to as “**the Acquiree**”).

## 3 TYPE OF MERGER

### 3.1 Legal basis for the merger

The merger (hereafter referred to as “**the Merger**”) will be carried out in compliance with Art. 492 § 1 item 1, Art. 515 § 1 and Art. 516 § 6 of the CCC, i.e. by transferring the totality of the Acquiree’s assets and liabilities to the Acquirer without increasing the share capital of the Acquirer and without converting Acquiree shares into Acquirer shares.

Pursuant to Art. 515 §1 of the CCC the Merger will be carried out without increasing the share capital of the Acquirer. As permitted under Art. 516 § 6 of the CCC, this Merger Plan omits information specified in Art. 499 § 1 items 2-4 of the CCC.

As a result of the Merger the Acquiree will be dissolved without being subjected to liquidation proceedings.

### 3.2 Resolution of the Extraordinary General Meeting of Shareholders of the Acquirer and of the Extraordinary General Meeting of Shareholders of the Acquiree

Pursuant to Art. 506 § 1 of the CCC the Merger is carried out on the basis of a resolution of an Extraordinary General Meeting of Shareholders of the Acquirer and the corresponding resolution of the Extraordinary General Meeting of Shareholders of the Acquiree concerning approval of the Merger Plan.

The abovementioned resolutions are attached to this Merger Plan as appendices no. 1a and 1b respectively.

Since the Merger does not involve changes in the Acquirer’s Articles of Association, the abovementioned resolutions do not concern approval of changes in the Acquirer’s Articles of Association under Art. 506 § 4 of the CCC.

Statements by the Management Boards of the Companies concerning retention of the Acquirer's existing Articles of Association are attached to this Merger Plan as appendices no. 2a and 2b respectively.

**4 RIGHTS CONFERRED BY THE ACQUIRER UPON THE PARTNERS AND PERSONS WITH PARTICULAR RIGHTS IN THE ACQUIREE**

In the context of the Merger no special rights are conferred by the Acquirer upon the partners or other persons with particular rights in the Acquiree.

**5 SPECIAL RIGHTS CONFERRED UPON THE MEMBERS OF MANAGEMENT ORGANS OF THE MERGING COMPANIES AND OTHER PERSONS PARTICIPATING IN THE MERGER**

In the context of the Merger no special rights are conferred upon the members of management organs of the Companies and other persons participating in the Merger.

**6 APPROVAL OF THE MERGER PLAN**

Pursuant to Art. 498 of the CCC the Merger Plan was approved by the Management Boards of the Companies on 18 October 2016 and subsequently signed by the Companies on 18 October 2016.

**MERGER PLAN – APPENDICES**

Pursuant to Art. 499 § 2 of the CCC the following documents are annexed to this Merger Plan:

- (i) **Appendices No. 1a and 1b:** draft resolutions of the Extraordinary General Meeting of Shareholders of the Acquirer and the Extraordinary General Meeting of Shareholders of the Acquiree concerning the Merger.
- (ii) **Appendices No. 2a and 2b:** statements by the Management Boards of the Companies concerning retention of the Acquirer's existing Articles of Association.
- (iii) **Appendix No. 3:** assessment of the Acquiree's assets and liabilities as of 30 September 2016.
- (iv) **Appendices No. 4a and 4b:** statements concerning the accounting status of the Companies as of 30 September 2016.

Warsaw, 18 October 2016.

**for CD PROJEKT S.A.**

**for CD PROJEKT BRANDS S.A.**

\_\_\_\_\_  
Adam Kiciński

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Michał Nowakowski

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Marcin Iwiński

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Piotr Nielubowicz

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Adam Badowski

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Michał Nowakowski

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Piotr Karwowski

## **Merger Plan – Appendix No. 1a**

### **Draft resolution of the Extraordinary General Meeting of Shareholders of the Acquirer concerning the Merger**

*Caution: Material aspects of the Merger Plan must be presented to shareholders of the Acquirer by way of an oral statement immediately prior to adoption of this resolution.*

#### **RESOLUTION NO. [●]**

**of the Extraordinary General Meeting of Shareholders of CD PROJEKT S.A. (hereafter referred to as the Acquirer)**

**of [●]**

**concerning the merger with CD PROJEKT Brands S.A. (hereafter referred to as the Acquiree)**

Acting in compliance with art. 506 of the Commercial Company Code (hereafter referred to as CCC) and having attended an oral presentation by the Management Board concerning material aspects of the Merger Plan:

#### **§ 1**

##### **Merger**

- 1.** The Extraordinary General Meeting of Shareholders of the Acquirer hereby approves the merger between the Acquirer and the Acquiree – CD PROJEKT Brands S.A. with a registered office in Warsaw, carried out under Art. 492 § 1 item 1 of the CCC, Art. 515 § 1 of the CCC and Art. 516 § 6 of the CCC by transferring the entirety of the Acquiree's assets and liabilities to the Acquirer without increasing the Acquirer's share capital and without converting Acquiree shares into Acquirer shares.
- 2.** Pursuant to Art. 506 § 4 of the CCC the Extraordinary General Meeting of Shareholders of the Acquirer approves the Plan of the Merger with the Acquiree as published in the Court and Commercial Gazette (*Monitor Sądowy i Gospodarczy*), issue [●] of [●] 2016 item [●] and annexed to this resolution as Appendix No. 1.
- 3.** The Merger does not involve changes in the Acquirer's Articles of Association

#### **§ 2**

The resolution enters into force on the date of its adoption.



**Merger Plan – Appendix No. 1b**

**Draft resolution of the Extraordinary General Meeting of Shareholders of the Acquiree concerning the Merger**

*Caution: Material aspects of the Merger Plan must be presented to shareholders of the Acquiree by way of an oral statement immediately prior to the adoption of this resolution.*

**RESOLUTION NO. [●]**

**of the Extraordinary General Meeting of Shareholders of CD PROJEKT Brands S.A. (hereafter referred to as the Acquiree)**

**of [●]**

**concerning the merger with CD PROJEKT S.A. (hereafter referred to as the Acquirer)**

Acting in compliance with art. 506 of the Commercial Company Code (hereafter referred to as CCC) and having attended an oral presentation by the Management Board concerning material aspects of the Merger Plan:

**§1**

**Merger**

1. The Extraordinary General Meeting of Shareholders of the Acquiree hereby approves the merger between the Acquiree and the Acquirer – CD PROJEKT S.A. with a registered office in Warsaw, carried out under Art. 492 § 1 item 1 of the CCC, Art. 515 § 1 of the CCC and Art. 516 § 6 of the CCC by transferring the entirety of the Acquiree's assets and liabilities to the Acquirer without increasing the Acquirer's share capital and without converting Acquiree shares into Acquirer shares.
2. Pursuant to art. 506 § 4 of the CCC the Extraordinary General Meeting of Shareholders of the Acquiree approves the Plan of the Merger with the Acquirer as published in the Court and Commercial Gazette (*Monitor Sądowy i Gospodarczy*), issue [●] of [●] 2016 item [●] and annexed to this resolution as Appendix No. 1.
3. The Merger does not involve changes in the Acquirer's Articles of Association.

**§2**

The resolution enters into force on the date of its adoption.





**Merger Plan – Appendix No. 2a**

**Statement by the Management Board of the Acquirer concerning retention of the Acquirer's existing Articles of Association**

The Management Board of CD PROJEKT S.A. with a registered office in Warsaw (the Acquirer) hereby declares that it holds the entirety of shares of CD PROJEKT Brands S.A. with a registered office in Warsaw (the Acquiree) and that, consequently, the merger is carried out under Art. 516 § 6 of the Commercial Company Code without introducing changes in the Acquirer's Articles of Association.

**for CD PROJEKT S.A.**

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Adam Kiciński

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Marcin Iwiński

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Piotr Nielubowicz

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Adam Badowski

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Michał Nowakowski

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Piotr Karwowski



## **Merger Plan – Appendix No. 2b**

### **Statement by the Management Board of the Acquiree concerning retention of the Acquirer's existing Articles of Association**

The Management Board of CD PROJEKT Brands S.A. with a registered office in Warsaw (the Acquiree) hereby declares that CD PROJEKT S.A. with a registered office in Warsaw (the Acquirer) holds the entirety of the Acquiree's shares and that, consequently, the merger is carried out under art. 516 § 6 of the Commercial Company Code without introducing changes in the Acquirer's Articles of Association.

**for CD PROJEKT Brands S.A.**

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Michał Nowakowski



### Merger Plan – Appendix No. 3

#### Assessment of the Acquiree's assets and liabilities as of 30 September 2015

In order to estimate the value of CD PROJEKT Brands S.A.'s assets and liabilities, as required under Art. 499 § 2 item 3 of the Commercial Company Code, an assessment has been performed on the basis of data disclosed in the Company financial statement of 30 September 2016 and outlined in Appendix 4b which concerns the Company's accounting status.

The presented estimate bases on the assumption that the value of the Company is equal to the net value of its assets calculated using the balance sheet method, i.e. the difference between the Company's total assets and its total liabilities, including provisions for liabilities.

The value of CD PROJEKT Brands S.A. as of 30 September 2016 is as follows:

Item	Value as of 30 Sep 2016
	in PLN
<b>ASSETS</b>	
<b>Fixed assets</b>	<b>17 622 000.00</b>
Tangibles	
Intangibles	17 622 000.00
Ongoing development work	
Goodwill	
Investment properties	
Investments in affiliates	
Shares in affiliates not subject to consolidation	
Saleable financial assets	
Other financial assets	
Deferred income tax assets	
Other fixed assets	
<b>Working assets</b>	<b>5 558 743.22</b>
Inventories	
Trade receivables	78.00
Current income tax receivables	
Pozostałe należności	531 555.33
Saleable financial assets	
Financial assets held at fair value through financial result	
Other financial assets	
Prepaid expenses	
Cash and cash equivalents	5 027 109.89
Assets designated as held for sale	
<b>TOTAL ASSETS</b>	<b>23 180 743.22</b>

<b>Long-term liabilities and provisions</b>	<b>1 283 469.00</b>
Credits and loans	
Other financial liabilities	

Other long-term liabilities	
Deferred income tax liabilities	1 283 469.00
Deferred revenues	
Provisions for employee benefits and similar liabilities	
Other provisions	
<b>Short-term liabilities and provisions</b>	<b>77 328.71</b>
Credits and loans	
Other financial liabilities	
Trade liabilities	77 294.71
Current income tax liabilities	
Other liabilities	34.00
Deferred revenues	
Provisions for employee benefits and similar liabilities	
Other provisions	
<b>Liabilities directly associated with assets designated as held for sale</b>	
<b>TOTAL LIABILITIES AND PROVISIONS</b>	<b>1 360 797.71</b>
<b>NET ASSETS</b>	<b>21 819 945.51</b>

The Management Board of the Company hereby declares that, as of 30 September 2016, the Company's value represented by the balance of its assets and liabilities is 21,819,945.51 PLN (twenty-one million eight hundred and nineteen thousand nine hundred and forty-five PLN 51/100).

**for CD PROJEKT Brands S.A.**

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Michał Nowakowski

**Merger Plan – Appendix No. 4a**

**Statement concerning the Acquirer's accounting status as of 30 September 2016**

In light of the fact that the Acquirer is a publicly traded company which publishes semiannual financial statements as mandated by art. 499 § 1 of the CCC, this Merger Plan does not include a separate statement concerning the Acquirer's accounting status

**for CD PROJEKT S.A.**

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Adam Kiciński

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Marcin Iwiński

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Piotr Nielubowicz

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Adam Badowski

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Michał Nowakowski

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Piotr Karwowski





## Merger Plan – Appendix No. 4b

### Statement concerning the Acquiree's accounting status as of 30 September 2016

The Management Board of CD PROJEKT Brands S.A. with a registered office in Warsaw hereby declares that as of 30 September 2016 the Company's accounting status is as follows:

Assets and liabilities of CD PROJEKT Brands S.A. with a registered office in Warsaw as of 30 September 2016 (in PLN):

Item	Value as of 30 Sep 2016
	in PLN
<b>ASSETS</b>	
<b>Fixed assets</b>	<b>17 622 000.00</b>
Tangibles	
Intangibles	17 622 000.00
Ongoing development work	
Goodwill	
Investment properties	
Investments in affiliates	
Shares in affiliates not subject to consolidation	
Saleable financial assets	
Other financial assets	
Deferred income tax assets	
Other fixed assets	
<b>Working assets</b>	<b>5 558 743.22</b>
Inventories	
Trade receivables	78.00
Current income tax receivables	
Pozostałe należności	531 555.33
Saleable financial assets	
Financial assets held at fair value through financial result	
Other financial assets	
Prepaid expenses	
Cash and cash equivalents	5 027 109.89
Assets designated as held for sale	
<b>TOTAL ASSETS</b>	<b>23 180 743.22</b>
<b>Equity</b>	<b>21 819 945.51</b>
<i>Equity attributable to shareholders of parent entity</i>	<b>21 819 945.51</b>
Share capital	200 000.00
Share capital from sale of shares above nominal price	20 658 856.74
Own shares	
Other capital contributions	
Exchange rate differences	
Retained earnings	
Financial result for the current period	961 088.77

<i>Noncontrolling interest equity</i>	
<b>Long-term liabilities</b>	<b>1 283 469.00</b>
Credits and loans	
Other financial liabilities	
Other long-term liabilities	
Deferred income tax liabilities	1 283 469.00
Deferred revenues	
Provisions for employee benefits and similar liabilities	
Other provisions	
<b>Short-term liabilities</b>	<b>77 328.71</b>
Credits and loans	
Other financial liabilities	
Trade liabilities	77 294.71
Current income tax liabilities	
Other liabilities	34.00
Deferred revenues	
Provisions for employee benefits and similar liabilities	
Other provisions	
<b>Liabilities directly associated with assets designated as held for sale</b>	
<b>TOTAL LIABILITIES</b>	<b>23 180 743.22</b>

for CD PROJEKT Brands S.A.

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Michał Nowakowski