



CD PROJEKT®

CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENT OF THE
CD PROJEKT CAPITAL GROUP
FOR THE PERIOD BETWEEN
1 JULY AND 30 SEPTEMBER 2017

Disclaimer

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CD PROJEKT Capital Group – selected financial highlights converted into EUR

| | PLN | | EUR | |
|---|----------------------------|-----------------------------|----------------------------|-----------------------------|
| | 01.01.2017 - 30.09.2017 | 01.01.2016 - 30.09.2016* | 01.01.2017 - 30.09.2017 | 01.01.2016 - 30.09.2016* |
| Net revenues from sales of products, goods and materials | 339 571 | 419 803 | 79 775 | 96 091 |
| Cost of products, goods and materials sold | 56 938 | 93 376 | 13 376 | 21 373 |
| Operating profit (loss) | 186 226 | 207 945 | 43 750 | 47 598 |
| Profit (loss) before tax | 190 703 | 213 446 | 44 802 | 48 857 |
| Net profit (loss) from continuing operations | 154 380 | 171 233 | 36 268 | 39 195 |
| Net profit (loss) attributable to equity holders of parent entity | 154 380 | 171 233 | 36 268 | 39 195 |
| Net cash flows from continuing operations | 197 961 | 199 284 | 46 507 | 45 615 |
| Net cash flows from investment activities | (263 123) | (233 441) | (61 815) | (53 434) |
| Net cash flows from financial activities | (101 761) | 3 257 | (23 907) | 746 |
| Aggregate net cash flows | (166 923) | (30 900) | (39 215) | (7 073) |
| Stock volume (in thousands) | 96 120 | 95 213 | 96 120 | 95 213 |
| Net profit (loss) per ordinary share | 1.61 | 1.80 | 0.38 | 0.41 |
| Diluted profit (loss) per ordinary share | 1.55 | 1.78 | 0.36 | 0.41 |
| Book value per share | 8.68 | 7.27 | 2.01 | 1.69 |
| Diluted book value per share | 8.40 | 7.20 | 1.95 | 1.67 |
| Declared or paid out dividend per share | 1.05 | - | 0.25 | - |

* adjusted data

| | PLN | | EUR | |
|---|------------|------------|------------|------------|
| | 30.09.2017 | 31.12.2016 | 30.09.2017 | 31.12.2016 |
| Total assets | 930 386 | 874 960 | 215 912 | 197 776 |
| Liabilities and provisions for liabilities (less accrued charges) | 92 265 | 94 214 | 21 412 | 21 296 |
| Long-term liabilities | 907 | 8 275 | 210 | 1 870 |
| Short-term liabilities | 95 014 | 89 747 | 22 050 | 20 286 |
| Equity | 834 465 | 776 938 | 193 652 | 175 619 |
| Share capital | 96 120 | 96 120 | 22 306 | 21 727 |

The above 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 NBP. The corresponding exchange rates were: 4.2566 PLN/EUR for the period between 1 January and 30 September 2017, and 4.3688 PLN/EUR for the period between 1 January and 30 September 2016 respectively.
- Assets and liabilities listed in the consolidated statement of financial positions 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: 4.3091 PLN/EUR on 30 September 2017 and 4.4240 PLN/EUR on 31 December 2016 respectively.

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CD PROJEKT

Primary financial data of the CD PROJEKT Capital Group

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Condensed interim consolidated profit and loss account

| | Note | 01.07.2017 – 30.09.2017 | 01.01.2017 – 30.09.2017 | 01.07.2016 – 30.09.2016* | 01.01.2016 – 30.09.2016* |
|---|------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| Sales revenues | | 84 889 | 339 571 | 100 903 | 419 803 |
| Revenues from sales of products | | 59 087 | 258 583 | 75 776 | 334 604 |
| Revenues from sales of services | | 30 | 98 | 51 | 186 |
| Revenues from sales of goods and materials | | 25 772 | 80 890 | 25 076 | 85 013 |
| Cost of products, goods and materials sold | | 18 833 | 56 938 | 18 516 | 93 376 |
| Cost of products and services sold | 13 | 403 | 891 | 134 | 32 397 |
| Value of goods and materials sold | 13 | 18 430 | 56 047 | 18 382 | 60 979 |
| Gross profit (loss) from sales | | 66 056 | 282 633 | 82 387 | 326 427 |
| Other operating revenues | 14 | 1 351 | 3 944 | 1 233 | 2 063 |
| Selling costs | 13 | 15 535 | 73 823 | 31 655 | 101 840 |
| General and administrative costs | 13 | 7 638 | 24 177 | 5 959 | 16 855 |
| Other operating expenses | 14 | 1 064 | 2 351 | 1 164 | 1 850 |
| Operating profit (loss) | | 43 170 | 186 226 | 44 842 | 207 945 |
| Financial revenues | 15 | 2 187 | 7 648 | 2 859 | 7 624 |
| Financial expenses | 15 | 898 | 3 171 | 1 786 | 2 123 |
| Profit (loss) before tax | | 44 459 | 190 703 | 45 915 | 213 446 |
| Income tax | 8 | 8 728 | 36 323 | 9 320 | 42 213 |
| Net profit (loss) from continuing operations | | 35 731 | 154 380 | 36 595 | 171 233 |
| Net profit (loss) | | 35 731 | 154 380 | 36 595 | 171 233 |
| Net profit (loss) attributable to minority interests | | - | - | - | - |
| Net profit (loss) attributable to equity holders of parent entity | | 35 731 | 154 380 | 36 595 | 171 233 |
| Net earnings per share (in PLN) | | | | | |
| Basic for the reporting period | | 0.37 | 1.61 | 0.40 | 1.80 |
| Diluted for the reporting period | | 0.36 | 1.55 | 0.37 | 1.78 |
| Net earnings per share from continuing operations (in PLN) | | | | | |
| Basic for the reporting period | | 0.37 | 1.61 | 0.40 | 1.80 |
| Diluted for the reporting period | | 0.36 | 1.55 | 0.37 | 1.78 |

* adjusted data

The greatest contribution to CD PROJEKT Capital Group revenues in Q3 2017 was from **Revenues from sales of products**, including:

- licensing royalties associated with continuing strong sales of The Witcher 3: Wild Hunt and its expansion packs – Hearts of Stone and Blood and Wine, including the Game of the Year Edition bundle, which was introduced in the third quarter of 2016 and affected revenues in that quarter, which is the comparative period for this financial statement;
- in-game sales generated by GWENT: The Witcher Card Game, which was made publicly available in the second quarter of 2017 – the period when the Group reported record revenues from microtransactions as well as revenues associated with minimum guarantees from one of the game's foreign distributors.

Revenues from sales of goods and materials were mostly due to sales of external products carried out by GOG.com and also, to a lesser extent, from sales of physical components of the Group's own box sets (carrier media, packaging etc.) by CD PROJEKT RED. Total GOG.com revenues in Q3 2017 were 42% greater than in the corresponding period in 2016, with GWENT: The Witcher Card Game again coming out on top of the revenue generator list.

Costs of products, services, goods and materials comprise own costs of sales for products distributed by GOG.com as well as, to a lesser extent, own costs of sales of box set components (carrier media, packaging etc.) by CD PROJEKT RED.

Regarding current-period costs, the most important item was **Selling costs**, which comprise the costs of advertising and promotion borne in each of the Group's activity segments; particularly costs associated with global promotion of GWENT where the Group directly carries out most promotional activities and bears the resulting costs (except for China). Another important component of this line item involves costs associated with operating the GOG.com platform. Additionally, selling costs include expenses and provisions for expenses dependent on the Group's financial result, as well as bought-in services which qualify as selling costs. The marked reduction in selling costs compared to previous quarters is due to intentional downscaling of expenses associated with promoting GWENT in the current quarter, as well as due to recognition of a refund agreed upon with one of the Group's foreign clients.

General and administrative expenses mostly concern compensation (including incentive program expenses) and bought-in services which qualify as general and administrative expenses. The reported increase compared to the previous year is due to an upscaling of the Group's activities, additional recruitment and valuation of the incentive program.

The Group's consolidated **Net profit** for the first three quarters of 2017 was 154 380, which represents 90% of the corresponding 2016 figure (notable for the successful release of Blood and Wine). Regarding the third quarter alone, the net profit was 35 731, i.e. 98% of the Q3 2016 figure (which is when The Witcher 3: Game of the Year Edition release took place). During the third quarter of 2017 profit before tax from sales of The Witcher 3: Wild Hunt and its two expansion packs already exceeded 1 billion PLN.

The Group's net profitability in Q3 2017 (i.e. share of net profit in sales revenues) was 42% (vs. 36% in the comparative period).

Condensed interim consolidated statement of comprehensive income

| | 01.07.2017 – 30.09.2017 | 01.01.2017 – 30.09.2017 | 01.07.2016 – 30.09.2016 | 01.01.2016 – 30.09.2016 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Net profit (loss) | 35 731 | 154 380 | 36 595 | 171 233 |
| Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria | (279) | (3 549) | (720) | (297) |
| Exchange rate differences on valuation of foreign entities | (279) | (3 549) | (720) | (295) |
| Differences from rounding to PLN thousands | - | - | - | (2) |
| Other comprehensive income which will not be entered as profit (loss) | - | - | - | - |
| Total comprehensive income | 35 452 | 150 831 | 35 875 | 170 936 |
| Total comprehensive income attributable to minority interests | - | - | - | - |
| Total comprehensive income attributable to equity holders of CD PROJEKT S.A. | 35 452 | 150 831 | 35 875 | 170 936 |

Condensed interim consolidated statement of financial position

| | Note | 30.09.2017 | 30.06.2017 | 31.12.2016* |
|---|------|----------------|----------------|----------------|
| FIXED ASSETS | | 232 351 | 209 672 | 170 644 |
| Tangible assets | 2 | 18 829 | 18 140 | 14 423 |
| Intangibles | 3 | 46 704 | 47 626 | 47 112 |
| Expenditures on development projects | 3 | 116 585 | 96 967 | 62 011 |
| Goodwill | 3,4 | 46 417 | 46 417 | 46 417 |
| Shares in subsidiaries not subject to consolidation | | 452 | - | - |
| Other financial assets | 12 | - | - | 194 |
| Deferred income tax assets | 8 | 2 842 | - | - |
| Other long-term receivables | | 522 | 522 | 487 |
| WORKING ASSETS | | 698 035 | 692 324 | 704 316 |
| Inventories | 5 | 501 | 555 | 401 |
| Trade receivables | 6,12 | 32 908 | 78 139 | 71 554 |
| Current income tax receivables | | - | 2 483 | 112 |
| Other receivables | 6,12 | 15 438 | 14 507 | 20 268 |
| Other financial assets | 12 | - | - | 53 |
| Prepaid expenses | 7 | 11 165 | 13 924 | 14 724 |
| Cash and cash equivalents | 12 | 50 446 | 85 169 | 217 369 |
| Bank deposits (maturity beyond 3 months) | 12 | 587 577 | 497 547 | 379 835 |
| TOTAL ASSETS | | 930 386 | 901 996 | 874 960 |

* adjusted data

The value and structure of the Group's **Fixed assets** did not undergo appreciable changes during the reporting period, except for **Expenditures on development projects**, whose increase was mainly due to expenses related to future releases, including the Group's largest ongoing projects: Cyberpunk 2077 and GWENT: The Witcher Card Game (as of the publication date of this statement, GWENT is in the public beta phase).

Trade receivables comprise mainly royalties receivables of CD PROJEKT RED segment. The reduction in Trade receivables at the end of September 2017 was mainly due to collection of receivables generated by strong sales in the second quarter of 2017.

The Group's **Other receivables** comprise mainly income tax receivables appertaining to CD PROJEKT S.A. (tax deducted at source by the Group's foreign clients and reportable in the Group's annual financial statement), advance payments for supplies and VAT receivables.

The aggregate balance of **Cash and cash equivalents** and **Bank deposits (maturity beyond 3 months)** was 638 023 thousand PLN, which represents an increase by 55 307 thousand PLN over the third quarter of 2017.

| | Note | 30.09.2017 | 30.06.2017* | 31.12.2016* |
|--|-------|----------------|----------------|----------------|
| EQUITY | | 834 465 | 796 373 | 776 938 |
| Equity attributable to shareholders of the parent company | | 834 465 | 796 373 | 776 938 |
| Share capital | 16 | 96 120 | 96 120 | 96 120 |
| Supplementary capital | | 549 335 | 549 335 | 403 001 |
| Other reserve capital | | 12 417 | 9 777 | 4 795 |
| Exchange rate differences | | 369 | 648 | 3 918 |
| Retained earnings | | 21 844 | 21 844 | 18 590 |
| Net profit (loss) for the reporting period | | 154 380 | 118 649 | 250 514 |
| Minority interest equity | | - | - | - |
| LONG-TERM LIABILITIES | | 907 | 6 476 | 8 275 |
| Other financial liabilities | 12 | 177 | 205 | 76 |
| Deferred income tax liabilities | 8 | - | 5 782 | 7 198 |
| Deferred revenues | | 673 | 432 | 944 |
| Provisions for employee benefits and similar liabilities | 9 | 57 | 57 | 57 |
| SHORT-TERM LIABILITIES | | 95 014 | 99 147 | 89 747 |
| Other financial liabilities | 12 | 205 | 220 | 63 |
| Trade liabilities | 12 | 22 067 | 28 483 | 27 906 |
| Current income tax liabilities | | 5 232 | 1 497 | 3 762 |
| Other liabilities | 11,12 | 5 484 | 12 962 | 9 827 |
| Deferred revenues | | 2 983 | 2 689 | 2 864 |
| Provisions for employee benefits and similar liabilities | 9 | 52 | 54 | 294 |
| Other provisions | 10 | 58 991 | 53 242 | 45 031 |
| Total equity and liabilities | | 930 386 | 901 996 | 874 960 |

* adjusted data

Equity increased during the third quarter of 2017 mainly due to current-period profit (35 731 thousand PLN). Regarding the first three quarters of 2017 taken together, the reported increase in equity was mainly due to the surplus of current-period profit (154 380 thousand PLN) over the dividend paid out by CD PROJEKT S.A. in Q2 2017 (100 926 thousand PLN) as a means of allocating profit obtained in 2016.

The reported decrease in **Other liabilities** was due to settlement of advance payments received from foreign clients in association with GWENT promotion costs, and reduction in tax (VAT, PIT) and social security liabilities.

Other provisions mostly concern provisions which the Group sets aside in association with future liabilities, including provisions for compensation dependent on the Group's financial result, with regard to both the current year and the previous year (payments outstanding as of the balance sheet date).



Condensed interim statement of changes in consolidated equity

| | Share capital | Supplementary capital | Other reserve capital | Exchange rate differences | Retained earnings | Net profit (loss) for the reporting period | Equity attributable to shareholders of parent entity | Minority interest equity | Total equity |
|---|---------------|-----------------------|-----------------------|---------------------------|-------------------|--|--|--------------------------|----------------|
| 01.01.2017 – 30.09.2017 | | | | | | | | | |
| Equity as of 01.01.2017 | 96 120 | 403 001 | 4 795 | 3 918 | 269 104 | - | 776 938 | - | 776 938 |
| Cost of incentive program | - | - | 7 622 | - | - | - | 7 622 | - | 7 622 |
| Allocation of net profit/coverage of losses | - | 146 334 | - | - | (146 334) | - | - | - | - |
| Dividend payments | - | - | - | - | (100 926) | - | (100 926) | - | (100 926) |
| Total comprehensive income | - | - | - | (3 549) | - | 154 380 | 150 831 | - | 150 831 |
| Equity as of 30.09.2017 | 96 120 | 549 335 | 12 417 | 369 | 21 844 | 154 380 | 834 465 | - | 834 465 |



| | Share capital | Supplementary capital | Other reserve capital | Exchange rate differences | Retained earnings | Net profit (loss) for the reporting period | Equity attributable to shareholders of parent entity | Minority interest equity | Total equity |
|---|---------------|-----------------------|-----------------------|---------------------------|-------------------|--|--|--------------------------|----------------|
| 01.01.2016 – 30.09.2016 | | | | | | | | | |
| Equity as of 01.01.2016 | 94 950 | 120 199 | 3 354 | 2 514 | 292 658 | - | 513 675 | - | 513 675 |
| Registered increase in share capital | 870 | (870) | - | - | - | - | - | - | - |
| Cost of incentive program | - | - | 3 482 | - | - | - | 3 482 | - | 3 482 |
| Payment in own shares | - | 7 036 | (3 295) | - | - | - | 3 741 | - | 3 741 |
| Allocation of net profit/coverage of losses | - | 274 067 | - | - | (274 067) | - | - | - | - |
| Total comprehensive income | - | - | (1) | (295) | (1) | 171 233 | 170 936 | - | 170 936 |
| Equity as of 30.09.2016 | 95 820 | 400 432 | 3 540 | 2 219 | 18 590 | 171 233 | 691 834 | - | 691 834 |

Condensed interim consolidated statement of cash flows

| | Note | 01.07.2017 – 30.09.2017 | 01.01.2017 – 30.09.2017 | 01.07.2016 – 30.09.2016* | 01.01.2016 – 30.09.2016* |
|---|------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| OPERATING ACTIVITIES | | | | | |
| Net profit/(loss) | | 35 731 | 154 380 | 36 595 | 171 233 |
| Total adjustments: | 24 | 40 802 | 52 084 | 26 553 | 41 302 |
| Depreciation of fixed assets and intangibles | | 1 268 | 3 619 | 1 128 | 3 692 |
| Depreciation of development projects | | - | - | - | 31 397 |
| Interest and profit sharing (dividends) | | (2 180) | (7 222) | (2 178) | (6 148) |
| Profit (loss) from investment activities | | (2) | 908 | 356 | 379 |
| Change in provisions | | 5 747 | 13 718 | (40 039) | (30 248) |
| Change in inventories | | 54 | (100) | (14) | 122 |
| Change in receivables | | 44 355 | 43 529 | 36 240 | 51 267 |
| Change in liabilities excluding credits and loans | | (14 135) | (10 337) | 29 523 | (7 274) |
| Change in other assets and liabilities | | 3 294 | 3 407 | (288) | (5 270) |
| Other adjustments | | 2 401 | 4 562 | 1 825 | 3 385 |
| Cash flows from operating activities | | 76 533 | 206 464 | 63 148 | 212 535 |
| Income tax on profit (loss) before taxation | | 8 728 | 36 323 | 9 320 | 42 213 |
| Income tax (paid)/reimbursed | | (11 162) | (44 826) | (13 347) | (55 464) |
| Net cash flows from operating activities | | 74 099 | 197 961 | 59 121 | 199 284 |
| INVESTMENT ACTIVITIES | | | | | |
| Inflows | | 228 784 | 695 720 | 164 480 | 476 222 |
| Liquidation of intangibles and fixed assets | | 4 | 63 | 2 | 181 |
| Liquidation of financial assets | | - | - | - | 85 |
| Closing bank deposits (maturity beyond 3 months) | | 226 600 | 688 435 | 162 300 | 469 808 |
| Other inflows from investment activities | | 2 180 | 7 222 | 2 178 | 6 148 |
| Outflows | | 337 111 | 958 843 | 487 608 | 709 663 |
| Purchases of intangibles and fixed assets | | 2 235 | 11 008 | 3 959 | 9 389 |
| Expenditures on development projects | | 18 246 | 51 658 | 12 214 | 41 039 |
| Opening bank deposits (maturity beyond 3 months) | | 316 630 | 896 177 | 471 435 | 659 235 |
| Net cash flows from investment activities | | (108 327) | (263 123) | (323 128) | (233 441) |

FINANCIAL ACTIVITIES

| | | | | |
|---|-----------------|------------------|------------------|-----------------|
| Inflows | - | - | 2 838 | 3 741 |
| Net inflows from issue of securities (stock) and other equity instruments, and from capital contributions | - | - | 2 838 | 3 741 |
| Outflows | 495 | 101 761 | 125 | 484 |
| Increase in share capital of subsidiary company | 452 | 452 | - | - |
| Dividends and other payments due to equity holders | - | 100 926 | - | - |
| Payment of liabilities under financial lease agreements | 43 | 383 | 125 | 484 |
| Net cash flows from financial activities | (495) | (101 761) | 2 713 | 3 257 |
| Total net cash flows | (34 723) | (166 923) | (261 294) | (30 900) |
| Change in cash and cash equivalents on balance sheet | (34 723) | (166 923) | (261 294) | (30 900) |
| Cash and cash equivalents at beginning of period | 85 169 | 217 369 | 342 023 | 111 629 |
| Cash and cash equivalents at end of period | 50 446 | 50 446 | 80 729 | 80 729 |

* adjusted data

Regarding **Net cash flows from operating activities**, in the third quarter of 2017 the Group reported 74 099 thousand PLN in positive cash flows, which is 14 978 thousand PLN more than in the corresponding period in 2016, and 38 368 thousand PLN more than the current-period net profit.

The most significant change to occur in the current quarter involved adjustments associated with the reduction in the Group's receivables (by 44 355 thousand PLN) resulting of collection of some of the receivables previously reported at the end of H1 2017.

The reported negative balance of **Net cash flows from investment activities** was due to the Group's active surplus cash allocation policy. The aggregate value of bank deposits with maturity periods in excess of 3 months, created during the third quarter and reported as "outflows", was 316 630 thousand PLN, whereas the value of deposits which matured during this period, recognized as "inflows" was 226 600 thousand PLN. Bank deposits with maturity periods in excess of 3 months increased during the third quarter of 2017 by 90 030 thousand PLN (compared to 74 099 thousand PLN positive Net cash flows from operating activities), which mainly caused negative Net cash flows from investment activities. In addition, both of the Group's major subsidiaries (CD PROJEKT S.A. and GOG Poland Sp. z o.o.) incurred **Expenditures on development projects**, jointly valued at 18 246 thousand PLN and associated with future releases – including two major ongoing projects: Cyberpunk 2077 and GWENT: The Witcher Card Game.

Following the payment of a dividend to CD PROJEKT S.A. shareholders (100 926 thousand PLN, paid out in the second quarter of 2017), the Group reported 101 761 thousand PLN in negative **Net cash flows from financial activities**.

In the third quarter of the year, the balance of the Group's cash assets (not counting bank deposits with maturity periods beyond 3 months) decreased by 34 723, while the balance of said bank deposits increased by 90 030 thousand PLN. Consequently, the total value of cash assets and bank deposits increased by 55 307 thousand PLN, while the Group spent 18 246 thousand PLN on ongoing development projects. Aggregate net positive cash flows from all of the Group's operations (adjusted for expenditures on development projects and the balance of new/matured bank deposits) amounted to 73 553 thousand PLN, which is over twice as much as the Group's net profit obtained in Q3 2017.



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Clarifications regarding the condensed interim consolidated financial statement

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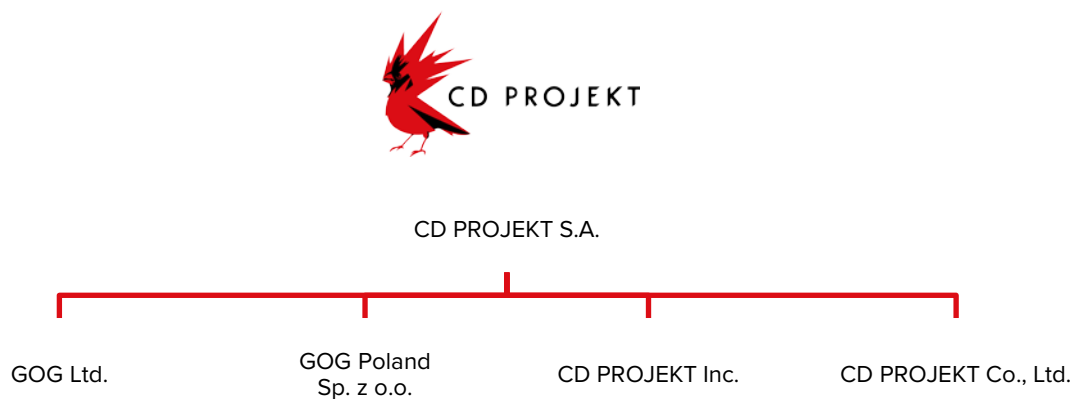
General information

| | |
|--|---|
| Name: | CD PROJEKT S.A. |
| Legal status: | Joint-stock company |
| Registered office: | 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 (CD PROJEKT RED) as well as global digital videogame distribution (GOG.com). |
| 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 |

The Group is established for an unlimited period.

Structure of the Capital Group

Affiliates



Consolidation principles

Entities subjected to consolidation

| | capital share | voting share | consolidation method |
|------------------------------|---------------|--------------|-----------------------------|
| CD PROJEKT S.A. | parent entity | - | full |
| GOG Ltd. | 100% | 100% | full |
| GOG Poland Sp. z o.o. | 100% | 100% | full |
| CD PROJEKT Inc. | 100% | 100% | full |
| CD PROJEKT Co., Ltd. | 100% | 100% | excluded from consolidation |

On 26 April 2017 a subsidiary of CD PROJEKT S.A. named CD PROJEKT Co., Ltd. was incorporated in the People's Republic of China, with a registered office in Shanghai (see Note 21 for a description of changes in the Group's composition). This company has been excluded from consolidation due to lack of materiality. 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 balance sheet total,
- contributes not more than 1% to the parent entity's aggregate sales and financial revenues.

Note that the above values are not inclusive 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 balance sheet total,
- contribute not more than 2% to the parent entity's aggregate sales and financial revenues.

The above values are also not inclusive of any transactions between each subsidiary and the parent company which would have otherwise been subject to consolidation eliminations.

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 variable financial results or possession of the required legal title to adjust the Group's financial results in accordance with 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 on 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 be required in an annual financial statement. Accordingly, this statement should be read in conjunction with the Consolidated Financial Statement of the CD PROJEKT Capital Group for 2016, approved for publication on 30 March 2017.

Changes in accounting standards or 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 Capital Group for 2016, except for presentation-related adjustments described in the section titled "Assumption of comparability of financial statements and changes in accounting policies".

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.

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 30 September 2017 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 have occurred in relation to the preceding years.

Compliance with International Financial Reporting Standards

This condensed interim consolidated financial statement has been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as well as with 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), hereafter referred to as UE IFRS, valid for 30 September 2017.

UE IFRS comprise standards and interpretations endorsed by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), approved for use in the EU.

Where the above mentioned standards are not applicable the statement conforms to the Accounting Act of 29 September 1994 (Journal of Laws of the Republic of Poland, 2016, item no. 1047 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, 2014, item no. 133).

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. 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 2017 and the effect of changes in IFRS upon the Group's future financial statements is provided in part 2 of the Group's Consolidated Financial Statement for 2016.

Standards and interpretations approved by the IASB but not yet approved by the EU

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

- **IFRS 17** Insurance Contracts - applicable to reporting periods beginning on or after 1 January 2021
- **IFRIC 22** Foreign currency transactions and advance consideration – interpretation applicable to reporting periods beginning on or after 1 January 2018
- **IFRIC 23** Uncertainty over income tax treatments – interpretation applicable to reporting periods beginning on or after 1 January 2019
- Changes in **IFRS 2** Share-based payment: classification and recognition of share-based payments – applicable to reporting periods beginning on or after 1 January 2018
- Changes in **IFRS 9** Prepayment features with negative compensation – applicable to reporting period beginning on or after 1 January 2019
- Changes in **IFRS (2014-2016)** adopted under the annual IFRS improvements cycle – applicable to reporting periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate
- Changes in **IAS 28** Long-term interests in associates and joint ventures – applicable to reporting periods beginning on or after 1 January 2019
- Changes in **IAS 40** Investment property: reclassification of investment properties – applicable to reporting periods beginning on or after 1 January 2018

As of the date of publication of this financial statement, the Company is performing an assessment of the effect these new standards and changes in standards upon the Company's financial statement.

Functional currency and presentation currency

Functional currency and presentation currency

The functional currency of the Group and its parent entity, and the presentation currency of this financial statement is the Polish Zloty (PLN). Unless specified otherwise, all figures are quoted in PLN thousands.

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 the equity capital as cash flow hedges and hedges of net investments.

Assumption of comparability of financial statements and changes in accounting policies

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 Capital Group for 2016, except for changes in practices and presentation-related adjustments described below. This condensed

interim consolidated financial statement should be read in conjunction with the Group's consolidated financial statement for the year ending 31 December 2016.

Presentation changes

In preparing this condensed interim consolidated financial statement for the period between 1 January and 30 September 2017 several changes have been introduced in the presentation of selected financial data. In order to ensure comparability of financial statements, the financial data for the period between 1 July and 30 September 2016 and for the period between 1 January and 30 September 2016, as well as for 31 December 2017 and for 30 June 2017, has been adjusted as follows:

- In the consolidated profit and loss account for the period between 1 July and 30 September 2016, and between 1 January and 30 September 2016, the presentation of administrative expenses has been adjusted as follows:
 - Consolidated profit and loss account for the period between 1 July and 30 September 2016
 - Selling costs – adjusted by (721) thousand PLN
 - General and administrative costs – adjusted by 899 thousand PLN
 - Cost of products and services sold – adjusted by (178) thousand PLN
 - Consolidated profit and loss account for the period between 1 January and 30 September 2016
 - Selling costs – adjusted by (1 780) thousand PLN
 - General and administrative costs – adjusted by 2 315 thousand PLN
 - Cost of products and services sold – adjusted by (535) thousand PLN

These adjustments have no effect on the Group's financial result or equity.

- In the consolidated profit and loss account for the period between 1 July and 30 September 2016, and between 1 January and 30 September 2016, the presentation of depreciation costs, business travel expenses and bank fees has been adjusted as follows:
 - Consolidated profit and loss account for the period between 1 July and 30 September 2016
 - Selling costs – adjusted by 575 thousand PLN
 - General and administrative costs – adjusted by (575) thousand PLN
 - Consolidated profit and loss account for the period between 1 January and 30 September 2016
 - Selling costs – adjusted by 1 526 thousand PLN
 - General and administrative costs – adjusted by (1 526) thousand PLN

These adjustments have no effect on the Group's financial result or equity.

- In the consolidated profit and loss account for the period between 1 July and 30 September 2016, and between 1 January and 30 September 2016, the presentation of revenues from sales of Group products by GOG Ltd. has been adjusted as follows:
 - Consolidated profit and loss account for the period between 1 July and 30 September 2016
 - Revenues from sales of products – adjusted by 3 358 thousand PLN
 - Revenues from sales of goods and materials – adjusted by (3 358) thousand PLN
 - Consolidated profit and loss account for the period between 1 January and 30 September 2016
 - Revenues from sales of products – adjusted by 22 981 thousand PLN
 - Revenues from sales of goods and materials – adjusted by (22 981) thousand PLN

These adjustments have no effect on the Group's financial result or equity.

- In the consolidated statement of financial position for 31 December 2016 the "Other monetary assets" line item was renamed to "Bank deposits (maturity beyond 3 months)".

- In the consolidated statement of financial position for 31 December 2016 and in the consolidated statement of cash flows for the period between 1 July and 30 September 2016 and between 1 January and 30 September 2016 the Company rectified a presentation error concerning short-term bank deposits with maturity periods beyond three months. As a result of this change, the following items have been adjusted:

- Consolidated statement of financial position for 31 December 2016
 - Bank deposits (maturity beyond 3 months) – adjusted by 339 835 thousand PLN
 - Cash and cash equivalents – adjusted by (339 835) thousand PLN
- Consolidated statement of cash flows for the period between 1 July and 30 September 2016
 - Opening bank deposits (maturity beyond 3 months) – adjusted by 471 435 thousand PLN
 - Closing bank deposits (maturity beyond 3 months) – adjusted by 162 300 thousand PLN
 - Cash and cash equivalents at beginning of period – adjusted by (162 300) thousand PLN
 - Cash and cash equivalents at end of period – adjusted by (471 435) thousand PLN
- Consolidated statement of cash flows for the period between 1 January and 30 September 2016
 - Opening bank deposits (maturity beyond 3 months) – adjusted by 659 235 thousand PLN
 - Closing bank deposits (maturity beyond 3 months) – adjusted by 469 808 thousand PLN
 - Cash and cash equivalents at beginning of period – adjusted by (282 008) thousand PLN
 - Cash and cash equivalents at end of period – adjusted by (471 435) thousand PLN

These adjustments have no effect on the Group's financial result or equity.

- In the consolidated statement of financial position for 31 December 2016 and for 30 June 2017 the presentation of compensation of Management Board members has been adjusted as follows:

- Consolidated statement of financial position for 31 December 2016
 - Other liabilities – adjusted by 65 thousand PLN
 - Trade liabilities – adjusted by (65) thousand PLN
- Consolidated statement of financial position for 30 June 2017
 - Other liabilities – adjusted by 86 thousand PLN
 - Trade liabilities – adjusted by (86) thousand PLN

These adjustments have no effect on the Group's financial result or equity.

- In the consolidated statement of cash flows for the period between 1 July and 30 September 2016 and between 1 January and 30 September 2016 the presentation of videogame development expenses incurred prior to commencement of sales has been adjusted as follows:

- Consolidated statement of cash flows for the period between 1 July and 30 September 2016
 - Depreciation of fixed assets and intangibles – adjusted by (136) thousand PLN
 - Other adjustments – adjusted by 77 thousand PLN
 - Expenditures on development projects – adjusted by (59) thousand PLN
- Consolidated statement of cash flows for the period between 1 January and 30 September 2016
 - Depreciation of fixed assets and intangibles – adjusted by (294) thousand PLN
 - Other adjustments – adjusted by 161 thousand PLN
 - Expenditures on development projects – adjusted by (133) thousand PLN

These adjustments have no effect on the Group's financial result or equity.



- In the consolidated statement of cash flows for the period between 1 July and 30 September 2016 and between 1 January and 30 September 2016 the presentation of liabilities associated with purchases of fixed assets and intangibles has been adjusted as follows:
 - Consolidated statement of cash flows for the period between 1 July and 30 September 2016
 - Purchases of intangibles and fixed assets – adjusted by 1 410 thousand PLN
 - Changes in provisions except credits and loans – adjusted by 1 410 thousand PLN
 - Consolidated statement of cash flows for the period between 1 January and 30 September 2016
 - Purchases of intangibles and fixed assets – adjusted by (182) thousand PLN
 - Changes in provisions except credits and loans – adjusted by (182) thousand PLN.
- In the consolidated statement of cash flows for the period between 1 July and 30 September 2016 the presentation of revenues from sales of fixed assets has been adjusted as follows:
 - Profit (loss) from investment activities – adjusted by (126) thousand PLN
 - Sales of intangibles and fixed assets – adjusted by 126 thousand PLN.

Financial audit

This condensed interim consolidated financial statement with elements of the condensed interim separate financial statement has not been reviewed by an independent auditor.



CD PROJEKT

Supplementary information – CD PROJEKT Capital 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

Compared to the consolidated financial statements for 2016 and for earlier years, the Group has decided to discontinue separate presentation of the "Other activities" segment. All activities represented by this segment have been folded into the CD PROJEKT RED segment. The "Other activities" segment had previously comprised the activities of the Invest department, which, together with CD PROJEKT RED, belonged to CD PROJEKT S.A. and provided services to other members of the Group in relation to corporate oversight, financial supervision, accounting, HR and payroll, legal and fiscal advice, and investor relations. As of the publication date of this statement, given the overall reduction in the number of distinct activity segments comprising the group (resulting from sale of shares in cdp.pl sp. z o.o.) along with continued dynamic growth of the CD PROJEKT RED segment, the Management Board has decided that disaggregation of the "Other activities" segment, which primarily serves the CD PROJEKT RED segment, would not carry any added value for readers of the Group's financial statement. The resulting change has no impact on the aggregate financial results of both segments, except for consolidation eliminations.

Disclosure of activity segments

| | Continuing operations | | Consolidation eliminations (incl. from business combinations) | Total |
|---------------------------|-----------------------|---------|--|--------|
| | CD PROJEKT RED | GOG.com | | |
| 01.07.2017 – 30.09.2017 | | | | |
| Sales revenues | 58 000 | 33 415 | (6 526) | 84 889 |
| sales to external clients | 51 474 | 33 415 | - | 84 889 |
| sales between segments | 6 526 | - | (6 526) | - |
| Segment profit/(loss) | 33 800 | 1 931 | - | 35 731 |

| | Continuing operations | | Consolidation eliminations (incl. from business combinations) | Total |
|---------------------------|-----------------------|---------|--|---------|
| | CD PROJEKT RED | GOG.com | | |
| 01.01.2017 – 30.09.2017 | | | | |
| Sales revenues | 242 837 | 129 146 | (32 412) | 339 571 |
| sales to external clients | 210 425 | 129 146 | - | 339 571 |
| sales between segments | 32 412 | - | (32 412) | - |
| Segment profit/(loss) | 139 881 | 14 499 | - | 154 380 |

| | Continuing operations | | Consolidation eliminations (incl. from business combinations) | Total |
|---------------------------|-----------------------|---------|--|---------|
| | CD PROJEKT RED | GOG.com | | |
| 01.07.2016 – 30.09.2016 | | | | |
| Sales revenues | 80 580 | 23 605 | (3 282) | 100 903 |
| sales to external clients | 77 303 | 23 600 | - | 100 903 |
| sales between segments | 3 277 | 5 | (3 282) | - |
| Segment profit/(loss) | 39 968 | 536 | (3 909) | 36 595 |

| | Continuing operations | | Consolidation eliminations (incl. from business combinations) | Total |
|---------------------------|-----------------------|---------|--|---------|
| | CD PROJEKT RED | GOG.com | | |
| 01.01.2016 – 30.09.2016* | | | | |
| Sales revenues | 347 046 | 92 797 | (20 040) | 419 803 |
| sales to external clients | 327 011 | 92 792 | - | 419 803 |
| sales between segments | 20 035 | 5 | (20 040) | - |
| Segment profit/(loss) | 169 540 | 5 602 | (3 909) | 171 233 |

* Changes with respect to data published on 9 November 2016 in the consolidated financial statement of the CD PROJEKT Capital Group for the period between 1 July and 30 September 2016 result from presentation-related adjustments described in the section titled "Assumption of comparability of financial statements and changes in accounting policies".

Segmented consolidated profit and loss account for the period between 01.07.2017 and 30.09.2017

| | CD PROJEKT RED | GOG.com | Consolidation eliminations (incl. from business combinations) | Total |
|--|----------------|---------------|--|---------------|
| Sales revenues | 58 000 | 33 415 | (6 526) | 84 889 |
| Revenues from sales of products | 55 004 | 1 767 | 2 316 | 59 087 |
| Revenues from sales of services | 1 032 | - | (1 002) | 30 |
| Revenues from sales of goods and materials | 1 964 | 31 648 | (7 840) | 25 772 |
| Cost of products, goods and materials sold | 2 621 | 22 120 | (5 908) | 18 833 |
| Cost of products and services sold | 787 | - | (384) | 403 |
| Value of goods and materials sold | 1 834 | 22 120 | (5 524) | 18 430 |
| Gross profit (loss) from sales | 55 379 | 11 295 | (618) | 66 056 |
| Other operating revenues | 1 793 | 72 | (514) | 1 351 |
| Selling costs | 8 592 | 7 507 | (564) | 15 535 |
| General and administrative costs | 6 207 | 1 485 | (54) | 7 638 |
| Other operating expenses | 1 468 | 110 | (514) | 1 064 |
| Operating profit (loss) | 40 905 | 2 265 | - | 43 170 |
| Financial revenues | 2 172 | 46 | (31) | 2 187 |
| Financial expenses | 908 | 21 | (31) | 898 |
| Profit (loss) before taxation | 42 169 | 2 290 | - | 44 459 |
| Income tax | 8 369 | 359 | - | 8 728 |
| Profit (loss) from continuing operations | 33 800 | 1 931 | - | 35 731 |
| Net profit (loss) | 33 800 | 1 931 | - | 35 731 |
| Net profit (loss) attributable to noncontrolling interests | - | - | - | - |
| Net profit (loss) attributable to equity holders of the parent entity | 33 800 | 1 931 | - | 35 731 |

Segmented consolidated profit and loss account for the period between 01.01.2017 and 30.09.2017

| | CD PROJEKT RED | GOG.com | Consolidation eliminations (incl. from business combinations) | Total |
|--|----------------|----------------|--|----------------|
| Sales revenues | 242 837 | 129 146 | (32 412) | 339 571 |
| Revenues from sales of products | 234 674 | 11 486 | 12 423 | 258 583 |
| Revenues from sales of services | 3 289 | - | (3 191) | 98 |
| Revenues from sales of goods and materials | 4 874 | 117 660 | (41 644) | 80 890 |
| Cost of products, goods and materials sold | 9 695 | 80 707 | (33 464) | 56 938 |
| Cost of products and services sold | 5 134 | - | (4 243) | 891 |
| Value of goods and materials sold | 4 561 | 80 707 | (29 221) | 56 047 |
| Gross profit (loss) from sales | 233 142 | 48 439 | 1 052 | 282 633 |
| Other operating revenues | 4 523 | 289 | (868) | 3 944 |
| Selling costs | 45 058 | 27 587 | 1 178 | 73 823 |
| General and administrative costs | 19 730 | 4 573 | (126) | 24 177 |
| Other operating expenses | 2 925 | 294 | (868) | 2 351 |
| Operating profit (loss) | 169 952 | 16 274 | - | 186 226 |
| Financial revenues | 7 598 | 428 | (378) | 7 648 |
| Financial expenses | 3 515 | 34 | (378) | 3 171 |
| Profit (loss) before taxation | 174 035 | 16 668 | - | 190 703 |
| Income tax | 34 154 | 2 169 | - | 36 323 |
| Profit (loss) from continuing operations | 139 881 | 14 499 | - | 154 380 |
| Net profit (loss) | 139 881 | 14 499 | - | 154 380 |
| Net profit (loss) attributable to noncontrolling interests | - | - | - | - |
| Net profit (loss) attributable to equity holders of the parent entity | 139 881 | 14 499 | - | 154 380 |

Segmented consolidated profit and loss account for the period between 01.07.2016 and 30.09.2016

| | CD PROJEKT RED | GOG.com | Consolidation eliminations (incl. from business combinations) | Total |
|--|----------------|---------------|--|----------------|
| Sales revenues | 80 580 | 23 605 | (3 282) | 100 903 |
| Revenues from sales of products | 74 850 | 11 | 915 | 75 776 |
| Revenues from sales of services | 890 | - | (839) | 51 |
| Revenues from sales of goods and materials | 4 840 | 23 594 | (3 358) | 25 076 |
| Cost of products, goods and materials sold | 5 341 | 16 046 | (2 871) | 18 516 |
| Cost of products and services sold | 563 | - | (429) | 134 |
| Value of goods and materials sold | 4 778 | 16 046 | (2 442) | 18 382 |
| Gross profit (loss) from sales | 75 239 | 7 559 | (411) | 82 387 |
| Other operating revenues | 1 456 | 73 | (296) | 1 233 |
| Selling costs | 24 982 | 5 892 | 781 | 31 655 |
| General and administrative costs | 6 108 | 1 010 | (1 159) | 5 959 |
| Other operating expenses | 1 391 | 69 | (296) | 1 164 |
| Operating profit (loss) | 44 214 | 661 | (33) | 44 842 |
| Financial revenues | 6 740 | 4 | (3 885) | 2 859 |
| Financial expenses | 1 759 | 36 | (9) | 1 786 |
| Profit (loss) before taxation | 49 195 | 629 | (3 909) | 45 915 |
| Income tax | 9 227 | 93 | - | 9 320 |
| Profit (loss) from continuing operations | 39 968 | 536 | (3 909) | 36 595 |
| Net profit (loss) | 39 968 | 536 | (3 909) | 36 595 |
| Net profit (loss) attributable to noncontrolling interests | - | - | - | - |
| Net profit (loss) attributable to equity holders of the parent entity | 39 968 | 536 | (3 909) | 36 595 |

Segmented consolidated profit and loss account for the period between 01.01.2016 and 30.09.2016

| | CD PROJEKT RED | GOG.com | Consolidation eliminations (incl. from business combinations) | Total |
|--|----------------|---------------|--|----------------|
| Sales revenues | 347 046 | 92 797 | (20 040) | 419 803 |
| Revenues from sales of products | 328 835 | 29 | 5 740 | 334 604 |
| Revenues from sales of services | 2 983 | - | (2 797) | 186 |
| Revenues from sales of goods and materials | 15 228 | 92 768 | (22 983) | 85 013 |
| Cost of products, goods and materials sold | 48 282 | 63 548 | (18 454) | 93 376 |
| Cost of products and services sold | 33 610 | - | (1 213) | 32 397 |
| Value of goods and materials sold | 14 672 | 63 548 | (17 241) | 60 979 |
| Gross profit (loss) from sales | 298 764 | 29 249 | (1 586) | 326 427 |
| Other operating revenues | 2 274 | 425 | (636) | 2 063 |
| Selling costs | 83 043 | 19 370 | (573) | 101 840 |
| General and administrative costs | 14 567 | 3 269 | (981) | 16 855 |
| Other operating expenses | 2 134 | 352 | (636) | 1 850 |
| Operating profit (loss) | 201 294 | 6 683 | (32) | 207 945 |
| Financial revenues | 11 515 | 10 | (3 901) | 7 624 |
| Financial expenses | 1 928 | 219 | (24) | 2 123 |
| Profit (loss) before taxation | 210 881 | 6 474 | (3 909) | 213 446 |
| Income tax | 41 341 | 872 | - | 42 213 |
| Profit (loss) from continuing operations | 169 540 | 5 602 | (3 909) | 171 233 |
| Net profit (loss) | 169 540 | 5 602 | (3 909) | 171 233 |
| Net profit (loss) attributable to noncontrolling interests | - | - | - | - |
| Net profit (loss) attributable to equity holders of the parent entity | 169 540 | 5 602 | (3 909) | 171 233 |

Segmented consolidated statement of financial position as of 30.09.2017

| | CD PROJEKT RED | GOG.com | Consolidation eliminations (incl. from business combinations) | Total |
|---|----------------|---------------|--|----------------|
| FIXED ASSETS | 235 240 | 11 598 | (14 487) | 232 351 |
| Tangible assets | 15 754 | 3 075 | - | 18 829 |
| Intangible assets | 44 944 | 1 760 | - | 46 704 |
| Expenditures on development projects | 110 152 | 6 433 | - | 116 585 |
| Goodwill | 46 417 | - | - | 46 417 |
| Investments in subsidiaries | 14 487 | - | (14 487) | - |
| Shares in subsidiaries not subject to consolidation | 452 | - | - | 452 |
| Deferred income tax assets | 2 543 | 299 | - | 2 842 |
| Other long-term receivables | 491 | 31 | - | 522 |
| WORKING ASSETS | 647 172 | 58 737 | (7 874) | 698 035 |
| Inventories | 501 | - | - | 501 |
| Trade receivables | 31 353 | 4 451 | (2 896) | 32 908 |
| Other receivables | 17 699 | 2 717 | (4 978) | 15 438 |
| Prepaid expenses | 1 570 | 9 595 | - | 11 165 |
| Cash and cash equivalents | 8 472 | 41 974 | - | 50 446 |
| Bank deposits (maturity beyond 3 months) | 587 577 | - | - | 587 577 |
| TOTAL ASSETS | 882 412 | 70 335 | (22 361) | 930 386 |

| | CD PROJEKT RED | GOG.com | Consolidation eliminations (incl. from business combinations) | Total |
|--|----------------|---------------|--|----------------|
| EQUITY | 810 826 | 38 127 | (14 488) | 834 465 |
| Equity attributable to shareholders of the parent company | 810 826 | 38 127 | (14 488) | 834 465 |
| Share capital | 96 120 | 136 | (136) | 96 120 |
| Supplementary capital | 550 780 | 3 227 | (4 672) | 549 335 |
| Other reserve capital | 12 417 | 799 | (799) | 12 417 |
| Exchange rate differences on valuation of foreign entities | (49) | (52) | 470 | 369 |
| Retained earnings | 11 677 | 19 518 | (9 351) | 21 844 |
| Net profit (loss) for the reporting period | 139 881 | 14 499 | - | 154 380 |
| Noncontrolling interest equity | - | - | - | - |
| LONG-TERM LIABILITIES | 900 | 7 | - | 907 |
| Other financial liabilities | 177 | - | - | 177 |
| Deferred revenues | 668 | 5 | - | 673 |
| Provisions for employee benefits and similar liabilities | 55 | 2 | - | 57 |
| SHORT-TERM LIABILITIES | 70 686 | 32 201 | (7 873) | 95 014 |
| Other financial liabilities | 205 | - | - | 205 |
| Trade liabilities | 5 659 | 19 303 | (2 895) | 22 067 |
| Liabilities from current income tax | 4 103 | 1 129 | - | 5 232 |
| Other liabilities | 3 366 | 7 096 | (4 978) | 5 484 |
| Deferred revenues | 585 | 2 398 | - | 2 983 |
| Provisions for retirement benefits and similar liabilities | 52 | - | - | 52 |
| Other provisions | 56 716 | 2 275 | - | 58 991 |
| Total equity and liabilities | 882 412 | 70 335 | (22 361) | 930 386 |

Segmented consolidated statement of financial position as of 30.06.2017

| | CD PROJEKT RED | GOG.com | Consolidation eliminations (incl. from business combinations) | Total |
|--|----------------|---------------|--|----------------|
| FIXED ASSETS | 213 948 | 9 942 | (14 218) | 209 672 |
| Tangible assets | 15 132 | 3 008 | - | 18 140 |
| Intangible assets | 45 391 | 2 235 | - | 47 626 |
| Expenditures on development projects | 92 300 | 4 667 | - | 96 967 |
| Goodwill | 46 417 | - | - | 46 417 |
| Investments in subsidiaries | 14 218 | - | (14 218) | - |
| Other long-term receivables | 490 | 32 | - | 522 |
| WORKING ASSETS | 639 952 | 71 095 | (18 723) | 692 324 |
| Inventories | 555 | - | - | 555 |
| Trade receivables | 83 290 | 3 477 | (8 628) | 78 139 |
| Current income tax receivables | 2 374 | 109 | - | 2 483 |
| Other receivables | 19 043 | 5 559 | (10 095) | 14 507 |
| Prepaid expenses | 1 657 | 12 267 | - | 13 924 |
| Cash and cash equivalents | 35 486 | 49 683 | - | 85 169 |
| Bank deposits (maturity beyond 3 months) | 497 547 | - | - | 497 547 |
| TOTAL ASSETS | 853 900 | 81 037 | (32 941) | 901 996 |

| | CD PROJEKT RED | GOG.com | Consolidation eliminations (incl. from business combinations) | Total |
|--|----------------|---------------|--|----------------|
| EQUITY | 774 400 | 36 191 | (14 218) | 796 373 |
| Equity attributable to shareholders of the parent company | 774 400 | 36 191 | (14 218) | 796 373 |
| Share capital | 96 120 | 136 | (136) | 96 120 |
| Supplementary capital | 550 780 | 3 227 | (4 672) | 549 335 |
| Other reserve capital | 9 776 | 530 | (529) | 9 777 |
| Exchange rate differences on valuation of foreign entities | (34) | 212 | 470 | 648 |
| Retained earnings | 11 677 | 19 518 | (9 351) | 21 844 |
| Net profit (loss) for the reporting period | 106 081 | 12 568 | - | 118 649 |
| Noncontrolling interest equity | - | - | - | - |
| LONG-TERM LIABILITIES | 6 319 | 157 | - | 6 476 |
| Other financial liabilities | 205 | - | - | 205 |
| Deferred income tax liabilities | 5 633 | 149 | - | 5 782 |
| Deferred revenues | 427 | 5 | - | 432 |
| Provisions for employee benefits and similar liabilities | 54 | 3 | - | 57 |
| SHORT-TERM LIABILITIES | 73 181 | 44 689 | (18 723) | 99 147 |
| Other financial liabilities | 220 | - | - | 220 |
| Trade liabilities | 8 532 | 28 579 | (8 628) | 28 483 |
| Liabilities from current income tax | 18 | 1 479 | - | 1 497 |
| Other liabilities | 12 418 | 10 639 | (10 095) | 12 962 |
| Deferred revenues | 789 | 1 900 | - | 2 689 |
| Provisions for retirement benefits and similar liabilities | 52 | 2 | - | 54 |
| Other provisions | 51 152 | 2 090 | - | 53 242 |
| Total equity and liabilities | 853 900 | 81 037 | (32 941) | 901 996 |

Segmented consolidated statement of financial position as of 31.12.2016

| | CD PROJEKT RED | GOG.com | Consolidation eliminations (incl. from business combinations) | Total |
|--|----------------|---------------|--|----------------|
| FIXED ASSETS | 176 047 | 8 483 | (13 886) | 170 644 |
| Tangible assets | 11 551 | 2 872 | - | 14 423 |
| Intangible assets | 43 660 | 3 452 | - | 47 112 |
| Expenditures on development projects | 60 050 | 1 961 | - | 62 011 |
| Goodwill | 46 417 | - | - | 46 417 |
| Investments in subsidiaries | 13 688 | - | (13 688) | - |
| Other financial assets | 194 | - | - | 194 |
| Deferred income tax assets | - | 198 | (198) | - |
| Other long-term receivables | 487 | - | - | 487 |
| WORKING ASSETS | 658 721 | 56 558 | (10 963) | 704 316 |
| Inventories | 401 | - | - | 401 |
| Trade receivables | 73 654 | 3 904 | (6 004) | 71 554 |
| Current income tax receivables | - | 112 | - | 112 |
| Other receivables | 22 769 | 2 532 | (5 033) | 20 268 |
| Other financial assets | 53 | - | - | 53 |
| Prepaid expenses | 1 012 | 13 712 | - | 14 724 |
| Cash and cash equivalents | 180 997 | 36 298 | 74 | 217 369 |
| Bank deposits (maturity beyond 3 months) | 379 835 | - | - | 379 835 |
| TOTAL ASSETS | 834 768 | 65 041 | (24 849) | 874 960 |

| | CD PROJEKT RED | GOG.com | Consolidation eliminations (incl. from business combinations) | Total |
|--|----------------|---------------|--|----------------|
| EQUITY | 764 350 | 26 276 | (13 688) | 776 938 |
| Equity attributable to shareholders of the parent company | 764 350 | 26 276 | (13 688) | 776 938 |
| Share capital | 96 120 | 136 | (136) | 96 120 |
| Supplementary capital | 402 004 | 5 669 | (4 672) | 403 001 |
| Other reserve capital | 4 271 | 524 | - | 4 795 |
| Exchange rate differences on valuation of foreign entities | 54 | 3 394 | 470 | 3 918 |
| Retained earnings | 12 325 | 11 742 | (5 477) | 18 590 |
| Net profit (loss) for the reporting period | 249 576 | 4 811 | (3 873) | 250 514 |
| Noncontrolling interest equity | - | - | - | - |
| LONG-TERM LIABILITIES | 8 464 | 9 | (198) | 8 275 |
| Other financial liabilities | 76 | - | - | 76 |
| Deferred income tax liabilities | 7 396 | - | (198) | 7 198 |
| Deferred revenues | 937 | 7 | - | 944 |
| Provisions for employee benefits and similar liabilities | 55 | 2 | - | 57 |
| SHORT-TERM LIABILITIES | 61 954 | 38 756 | (10 963) | 89 747 |
| Other financial liabilities | 63 | - | - | 63 |
| Trade liabilities | 5 705 | 28 131 | (5 930) | 27 906 |
| Liabilities from current income tax | 3 678 | 84 | - | 3 762 |
| Other liabilities | 8 240 | 6 620 | (5 033) | 9 827 |
| Deferred revenues | 587 | 2 277 | - | 2 864 |
| Provisions for retirement benefits and similar liabilities | 182 | 112 | - | 294 |
| Other provisions | 43 499 | 1 532 | - | 45 031 |
| Total equity and liabilities | 834 768 | 65 041 | (24 849) | 874 960 |

Disclosure of the issuer's significant accomplishments and shortcomings in each activity segment in the third quarter of 2017

The Group conducts business activities in two segments: CD PROJEKT RED and GOG.com.

CD PROJEKT RED

In the third quarter of 2017 CD PROJEKT RED continued with the development of Cyberpunk 2077 and GWENT: The Witcher Card Game while actively organizing marketing events to support GWENT.

GWENT – product development

Additional changes to GWENT: The Witcher Card Game were rolled out in the third quarter of 2017. The gameplay improvements introduced in July streamline matchmaking and ensure more evenly matched duels. The subsequent update, released in late August, focused on community and social features, including player profiles, news and notification mechanisms. This update also introduced 30 new cards and a special starter pack available from the store (including a guaranteed legendary card, 10 card kegs and Meteorite Dust used to create animated cards). From the e-sports point of view, an important enhancement was the addition of a new gameplay mode – Pro Ladder, which ties in with the GWENT Masters series. The first Pro Ladder season commenced on 7 September 2017.

On 28 August 2017, having secured the necessary official permits, CD PROJEKT RED launched its GWENT closed beta campaign in the People's Republic of China.

GWENT – marketing events

Between 22 and 26 August 2017 GWENT was showcased at one of the largest gaming fairs in the world – Gamescom in Cologne. For the first time ever, CD PROJEKT RED presented GWENT: Thronebreaker, a single-player campaign. The company also unveiled its e-sports strategy: the GWENT Master series.

Visitors to the fair could play GWENT at 24 stands set up in the public sector, and participate in several community events. On 25 August, a GWENT Open qualifying round was organized on a specially prepared CD PROJEKT stage. Ellas “Shaggy” Sagmeister secured the wildcard entry and later went on to win the entire tournament. The total prize pool in this first ever GWENT tournament was 25 thousand USD.

In the business sector of the fair, more than 900 media representatives and business partners attended presentations of GWENT: Thronebreaker and GWENT Masters. GWENT was also featured by the Company's partners (IGN, Twitch, Xbox and Alienware) at their respective stands.

In order to make GWENT approachable to newcomers and encourage them to take part in the game, in the third quarter of 2017 CD PROJEKT initiated a series of social media webcasts, debuting on 16 August with the first episode of “A Round of GWENT”. This program features invited speakers who discuss latest events associated with the game. Four days later the first episode of “Play of the Month” was published, focusing on the best GWENT plays to have occurred during a given month. Up until the publication date of this statement, three episodes of “A Round of GWENT” and two episodes of “Play of the Month” have been published. All media content can be found at www.playgwent.com.

10th anniversary of the first The Witcher game

On 3 September, at PAX West in Seattle, the Company held a special discussion panel, celebrating the 10th anniversary of the release of its first game featuring the adventures of Geralt of Rivia. During this event CD PROJEKT RED reminisced about the birth of The Witcher trilogy and the challenges faced while working on The Witcher games.

GOG.com

New games in catalogue

In the third quarter of the year the GOG.com catalogue was expanded with Divinity: Original Sin 2 – a continuation of the RPG Divinity series from Larian Studios, a new game by the British developer Ninja Theory – Hellblade: Senua's Sacrifice, and two indie releases: Cuphead and HOB.

In addition to new releases, the Company also secured distribution rights for classic games, including The Suffering and The Suffering: Ties that Bind (available exclusively on GOG.com), Gauntlet: Slayer Edition, Quake 4, DOOM 3, Furi and the Sudden Strike trilogy, all updated to work on modern operating systems.

Gamers from around the world can now choose from nearly 2200 titles available in the GOG.com catalogue.

Sales support

In addition to recurring weekly sales, two large-scale marketing activities were carried out during the third quarter of 2017. Mid-August saw the return of the popular Piñata Madness event, with surprise games available for purchase. This was followed in September by the Big Deal Sale, with more than 200 titles offered at discount prices.

On 24 October 2017 GOG.com launched the seventh language version of its platform – this time in Polish.

Disclosure of factors which may affect future Group results

In the final quarter of 2017 and on into 2018 the CD PROJEKT Capital Group intends to carry on parallel activities in its two basic segments: **CD PROJEKT RED** and **GOG.com**. Specific vectors of development are laid out in the Strategy of the CD PROJEKT Capital Group for 2016-2021, announced in March 2016 and available on the Company website at <https://www.cdprojekt.com/en/capital-group/strategy/>.

Further growth of the Capital Group will be affected by progress on the development of GWENT: The Witcher Card Game. By the end of 2017 the Company intends to publish an update which will upgrade the game's underlying technologies in preparation to the project's future advanced requirements. The expected result will be to stabilize existing GFX and gameplay solutions, and also to apply new solutions, with particular focus on new RPG elements of the game's single-player campaign: GWENT: Thronebreaker.

In recognizing the strong potential of in-game storytelling, the Company has decided to pursue additional single-player gameplay modes for GWENT. Additionally, in the Company's opinion, publishing GWENT: Thronebreaker at the apex of its marketing campaign and during the expected period of peak user activity, i.e. during the next year, should translate into increased gamer interest and, consequently, increased sales.

In order to continually animate the community the Company is in the process of setting up an internal live ops department, tasked with regularly launching new GWENT events, both in-game and external (e.g. on websites). Most of these events will be co-organized with the marketing department. Successful rollout of community features and new in-game player retention mechanisms may, in the coming quarters, result in increased interest in GWENT on the part of gamers. Equally important will be skillful handling of the game's marketing campaign.

An important factor which will contribute to the Capital Group's financial result in future quarters will be further development of GWENT in China. The game was initially made available to Chinese gamers on 28 August as a closed beta. Proceeding with further stages of the game's development in China and following up with a successful marketing campaign will determine the commercial success and, consequently, the prospects of monetization of GWENT in this country.

Another factor affecting Group results is the popular interest in GWENT progaming within the GWENT Masters series, scheduled to culminate in January 2019. The engagement of CD PROJEKT S.A. in large-scale e-sports activities may positively affect the game's popularity, recognition and revenues from in-game microtransactions, however it will also generate costs associated with organizing and promoting tournaments.

Given the fact that **GOG.com** growth dynamics are dependent on the activity of existing users along with the platform's ability to attract new users by offering appealing products, future growth in this segment in the final quarter of 2017 and throughout 2018 will depend on the Company's success in securing access to new releases from the world's leading publishers and developers, and also on further expansion of the service's activities on its existing markets. As of the publication date of this statement GOG.com is available in seven language versions and supports payments in thirteen currencies.

In April 2017 GOG.com released an updated version of its GOG Galaxy technology, enabling, among others, unhindered online multiplayer gameplay. Interest in GOG Galaxy on the part of videogame developers and publishers may translate into an increased number of games requiring this technology, consequently increasing future revenues of the segment. In addition, equipping additional videogames with multiplayer features powered by GOG Galaxy may entice users to purchase other products from the rich GOG.com catalogue.

GOG.com financial results, along with the segment's capability to garner unique skills and experience, and to fully exploit its technological solutions, will be affected by the involvement of GOG sp. z o.o. in the GWENT project consortium, where GOG is responsible for networking features and user support. Consequently, a portion of the game's development costs and revenues

is attributable to GOG.com. The success of GWENT will contribute to broader recognition of the GOG.com brand, allowing the Company to reach more potential customers around the world.

Another specific factor which may affect the financial standing of CD PROJEKT S.A. is the outcome of the Company's lawsuit against the State Treasury. A favorable judgment in this case would entitle the Company to collect substantial damages.

Disclosure of seasonal or cyclical activities

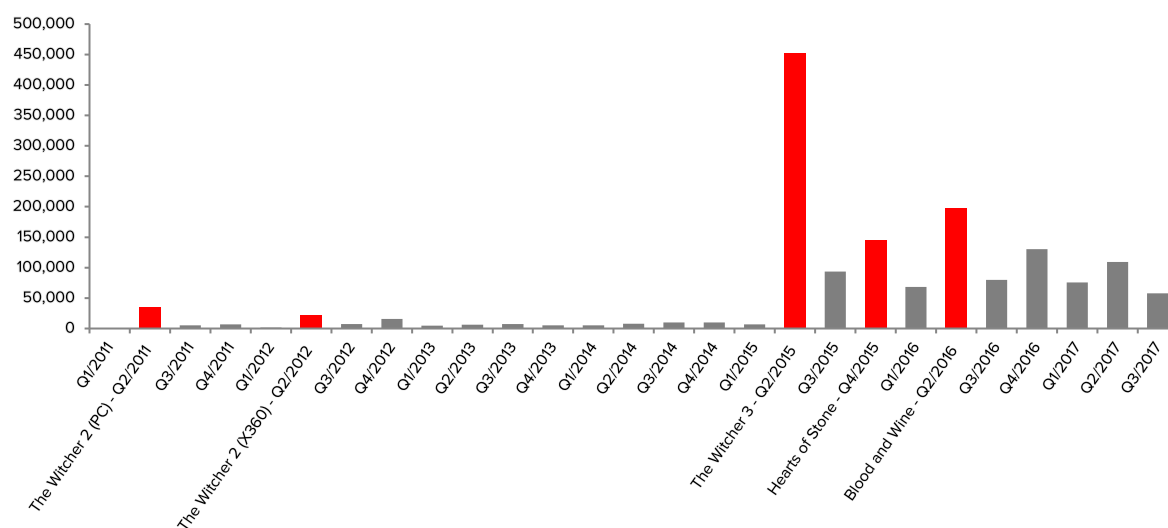
CD PROJEKT RED

CD PROJEKT RED usually takes between 2 and 4 years to produce a game. Initial development work occurs before the previous game in the series is complete and ready to be released. The Witcher 2 debuted on the PC in May 2011 while the Xbox 360 edition was released on 17 April 2012. The release of CD PROJEKT RED's newest game – The Witcher 3: Wild Hunt – took place on 19 May 2015. Sales of the base game were bolstered by two expansion packs: Hearts of Stone and Blood and Wine. On 30 August 2016 The Witcher 3: Wild Hunt was released as a Game of the Year Edition bundle, consisting of the base game, both expansion packs and all existing DLC content.

GWENT – The Witcher Card Game (currently under development) is conceived as a “game as a service” where the scope of development, resources committed to the project and future sales revenues depend on the popularity of the service. The game will be offered under a “free to play” license, with optional microtransactions.

CD PROJEKT RED is also continuing with its work on Cyberpunk 2077 – the largest development project in the Company's history.

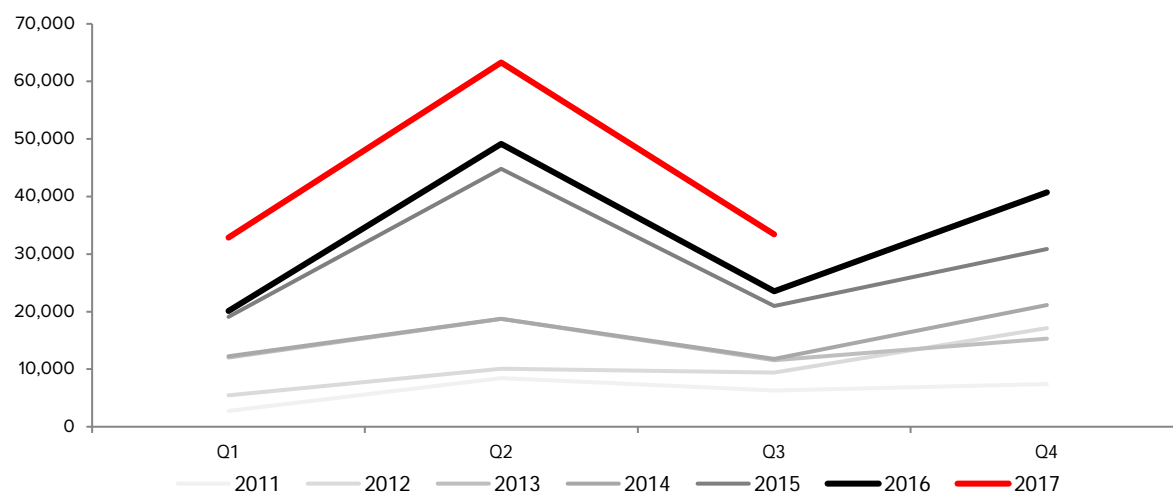
Figure 1 Effect of new releases on CD PROJEKT RED quarterly sales revenues (PLN thousands).



GOG.com

The digital videogame distribution market, which is the main area of activity of **GOG.com**, is characterized by seasonal fluctuations in revenues. On an annual basis, the highest revenues are typically obtained in the fourth quarter while the lowest revenues correspond to the third quarter. Sales in Q2 and Q4 are boosted by promotional activities organized in these periods. Ultimately, however, sales volume is primarily dependent on the release schedule.

Figure 2 Quarterly revenues from GOG.com sales to external clients, 2011-2017 (PLN thousands)



GOG.com third-quarter revenues were mostly affected by in-game sales associated with GWENT: The Witcher Card Game.

Disclosure of key clients

The CD PROJEKT Capital Group collaborates with external clients whose share in the Group's consolidated revenues exceeds 10%.

Within the **CD PROJEKT RED** activity segment trade activities carried out by CD PROJEKT S.A. in collaboration with one client throughout the first three quarters of 2017 generated sales revenues exceeding 10% of the Group's consolidated sales revenues – specifically, 76 495 thousand PLN, which represents 22.5% of the Group's consolidated sales revenues.

The aforementioned client is not affiliated with CD PROJEKT S.A. or any of its subsidiaries. In other activity segments no single client accounted for more than 10% of the Group's consolidated sales revenues.



CD PROJEKT

**Supplementary information –
additional notes and explanations
concerning the condensed interim
consolidated financial statement**

4

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

The Group's financial result, assets, liabilities, equity and cash flows in the reporting period were dominated by continuing sales of The Witcher 3: Wild Hunt, its two expansion packs (Hearts of Stone and Blood and Wine), revenues obtained in association with GWENT: The Witcher Card Game, as well as ongoing work on future CD PROJEKT RED releases.

No circumstances affecting assets, liabilities, equity, net financial result and cash flows which would be unusual due to their type, size or effect occurred during the reporting period.

Note 2. Tangible fixed assets

Changes in fixed assets (by category) between 01.01.2017 and 30.09.2017

| | Buildings and structures | Machinery and equipment | Vehicles | Other fixed assets | Fixed assets under construction | Total |
|---|--------------------------|-------------------------|--------------|--------------------|---------------------------------|---------------|
| Gross carrying amount as of 01.01.2017 | 6 559 | 16 062 | 1 537 | 1 134 | 1 860 | 27 152 |
| Increases from: | 5 999 | 3 582 | 625 | 686 | 2 929 | 13 821 |
| purchases | 1 578 | 3 433 | - | 363 | 2 929 | 8 303 |
| lease agreements | - | - | 625 | - | - | 625 |
| reassignment from fixed assets under construction | 4 421 | 33 | - | 313 | - | 4 767 |
| reclassification | - | 68 | - | 10 | - | 78 |
| acquisition free of charge | - | 35 | - | - | - | 35 |
| others | - | 13 | - | - | - | 13 |
| Reductions from: | 5 | 138 | 126 | 113 | 4 767 | 5 149 |
| sales | 5 | 8 | 126 | - | - | 139 |
| liquidation | - | 12 | - | - | - | 12 |
| reassignment from fixed assets under construction | - | - | - | - | 4 767 | 4 767 |
| reclassification | - | 63 | - | 14 | - | 77 |
| others | - | 55 | - | 99 | - | 154 |
| Gross carrying amount as of 30.09.2017 | 12 553 | 19 506 | 2 036 | 1 707 | 22 | 35 824 |
| Depreciation as of 01.01.2017 | 2 153 | 9 285 | 771 | 520 | - | 12 729 |
| Increases from: | 744 | 3 050 | 280 | 450 | - | 4 524 |
| depreciation | 744 | 2 992 | 280 | 440 | - | 4 456 |
| reclassification | - | 58 | - | 10 | - | 68 |
| Reductions from: | 1 | 101 | 115 | 41 | - | 258 |
| sales | 1 | 7 | 115 | - | - | 123 |
| liquidation | - | 12 | - | - | - | 12 |
| reclassification | - | 58 | - | 9 | - | 67 |
| others | - | 24 | - | 32 | - | 56 |
| Depreciation as of 30.09.2017 | 2 896 | 12 234 | 936 | 929 | - | 16 995 |
| Impairment write-downs as of 01.01.2017 | - | - | - | - | - | - |
| Impairment write-downs as of 30.09.2017 | - | - | - | - | - | - |
| Net carrying amount as of 30.09.2017 | 9 657 | 7 272 | 1 100 | 778 | 22 | 18 829 |

Contractual commitments for future acquisition of fixed assets

| | 30.09.2017 | 30.06.2017 | 31.12.2016 |
|---------------------------|------------|------------|------------|
| Leasing of passenger cars | 784 | 833 | 284 |
| Total | 784 | 833 | 284 |

Note 3. Intangibles and R&D expenses

Changes in intangibles between 01.01.2017 and 30.09.2017

| | Development projects in progress | Development projects completed | Trademarks | Patents and licenses | Copyrights | Computer software | Goodwill | Intangibles under construction | Others | Total |
|---|-------------------------------------|-----------------------------------|---------------|----------------------|--------------|-------------------|---------------|-----------------------------------|----------|----------------|
| Gross carrying amount as of 01.01.2017 | 62 011 | 162 155 | 32 199 | 1 496 | 6 624 | 22 185 | 46 417 | 51 | 1 | 333 139 |
| Increases from: | 55 317 | - | - | 59 | - | 2 800 | - | - | - | 58 176 |
| purchases | - | - | - | 59 | - | 2 800 | - | - | - | 2 859 |
| own creation | 55 317 | - | - | - | - | - | - | - | - | 55 317 |
| Reductions from: | 743 | - | - | 79 | - | 771 | - | 7 | - | 1 600 |
| liquidation | 743 | - | - | - | - | - | - | - | - | 743 |
| others | - | - | - | 79 | - | 771 | - | - | - | 857 |
| Gross carrying amount as of 30.09.2017 | 116 585 | 162 155 | 32 199 | 1 476 | 6 624 | 24 214 | 46 417 | 44 | 1 | 389 715 |
| Depreciation as of 01.01.2017 | - | 162 155 | - | 500 | 33 | 14 910 | - | - | 1 | 177 599 |
| Increases from: | - | - | - | 165 | - | 2 719 | - | - | - | 2 884 |
| depreciation | - | - | - | 165 | - | 2 719 | - | - | - | 2 884 |
| Reductions from: | - | - | - | 5 | - | 469 | - | - | - | 474 |
| others | - | - | - | 5 | - | 469 | - | - | - | 474 |
| Depreciation as of 30.09.2017 | - | 162 155 | - | 660 | 33 | 17 160 | - | - | 1 | 180 009 |
| Impairment write-downs as of 01.01.2017 | - | - | - | - | - | - | - | - | - | - |
| Impairment write-downs as of 30.09.2017 | - | - | - | - | - | - | - | - | - | - |
| Net carrying amount as of 30.09.2017 | 116 585 | - | 32 199 | 816 | 6 591 | 7 054 | 46 417 | 44 | - | 209 706 |

Contractual commitments for future acquisition of intangibles

Not applicable.

Note 4. Goodwill

No changes in goodwill occurred between 1 July and 30 September 2017.

Note 5. Inventories

Changes in inventories

| | 30.09.2017 | 30.06.2017 | 31.12.2016 |
|----------------------------------|------------|------------|------------|
| Other materials | 31 | 28 | 28 |
| Goods | 470 | 527 | 373 |
| Gross inventories | 501 | 555 | 401 |
| Inventory impairment write-downs | - | - | - |
| Net inventories | 501 | 555 | 401 |

Changes in inventory revaluation write-downs

None reported.

Note 6. Trade and other receivables

Changes in receivables

| | 30.09.2017 | 30.06.2017 | 31.12.2016 |
|------------------------------------|---------------|---------------|---------------|
| Trade and other receivables | 48 346 | 92 646 | 91 822 |
| from affiliates | 25 | - | 10 |
| from external entities | 48 321 | 92 646 | 91 812 |
| Impairment losses | 3 222 | 3 642 | 4 211 |
| Gross receivables | 51 568 | 96 288 | 96 033 |

Changes in impairment write-downs for receivables

| | Trade receivables | Other receivables |
|--|-------------------|-------------------|
| OTHER ENTITIES | | |
| Revaluation write-downs as of 01.01.2017 | 3 479 | 732 |
| Increases from: | - | - |
| creation of write-downs for past-due and contested receivables | - | - |
| Reductions from: | 989 | - |
| elimination of write-downs due to collection of receivables | 884 | - |
| dissolution of write-downs (writeoffs) | 105 | - |
| Impairment losses as of 30.09.2017 | 2 490 | 732 |

Current and overdue trade receivables as of 30.09.2017

| | Total | Not overdue | Days overdue | | | | |
|------------------------|--------|-------------|--------------|---------|----------|-----------|------|
| | | | < 61 | 61 – 90 | 91 – 180 | 181 – 360 | >360 |
| AFFILIATES | | | | | | | |
| gross receivables | 14 | 14 | - | - | - | - | - |
| impairment write-downs | - | - | - | - | - | - | - |
| Net receivables | 14 | 14 | - | - | - | - | - |
| OTHER ENTITIES | | | | | | | |
| gross receivables | 35 384 | 27 505 | 5 382 | - | 6 | 2 090 | 401 |
| impairment write-downs | 2 490 | - | - | - | - | 2 089 | 401 |
| Net receivables | 32 894 | 27 505 | 5 382 | - | 6 | 1 | - |
| TOTAL | | | | | | | |
| gross receivables | 35 398 | 27 519 | 5 382 | - | 6 | 2 090 | 401 |
| impairment write-downs | 2 490 | - | - | - | - | 2 089 | 401 |
| Net receivables | 32 908 | 27 519 | 5 382 | - | 6 | 1 | - |

Other receivables

| | 30.09.2017 | 30.06.2017 | 31.12.2016 |
|---|---------------|---------------|---------------|
| Other receivables, including: | 15 438 | 14 507 | 20 268 |
| tax returns except corporate income tax | 12 305 | 10 611 | 17 229 |
| advance payments for supplies | 2 741 | 2 794 | 1 838 |
| deposits | 78 | 79 | 83 |
| employee compensation settlements | 81 | 81 | 38 |
| sale of shares | - | 569 | 1 031 |
| other | 233 | 373 | 49 |
| Impairment write-downs | 732 | 732 | 732 |
| Other gross receivables | 16 170 | 15 239 | 21 000 |

Note 7. Prepaid expenses

| | 30.09.2017 | 30.06.2017 | 31.12.2016* |
|--|---------------|---------------|---------------|
| Non-life insurance | 156 | 156 | 78 |
| Company car insurance | 37 | 27 | 20 |
| Minimum guarantees; payments advanced to GOG | 8 963 | 11 441 | 13 207 |
| Access to online legal support portal | 24 | 42 | 23 |
| Software, licenses | 576 | 634 | 866 |
| Business travel (airfare, hotels, insurance) | 104 | 183 | 25 |
| Participation in fairs | 553 | 504 | - |
| IT security costs | 192 | 251 | - |
| Other prepaid expenses | 560 | 686 | 505 |
| Total prepaid expenses | 11 165 | 13 924 | 14 724 |

* adjusted data

Note 8. Deferred income tax

Negative temporary differences requiring recognition of deferred tax assets

| | 31.12.2016* | increases | reductions | 30.09.2017 |
|---|---------------|---------------|---------------|---------------|
| Provisions for other employee benefits | 243 | 43 | 161 | 125 |
| Provisions for compensation dependent on financial result | 43 906 | 28 599 | 14 252 | 58 253 |
| Fixed assets written off | - | 743 | 743 | - |
| Negative exchange rate differences | 1 027 | 1 523 | 2 327 | 223 |
| Employee compensation and social security expenses payable in future reporting periods | 113 | 6 | 118 | 1 |
| Difference between net carrying value and net tax value of fixed assets and intangibles | 157 | 358 | 308 | 207 |
| Other provisions | 499 | 276 | 496 | 279 |
| Total negative temporary differences | 45 945 | 31 548 | 18 405 | 59 088 |
| Tax rate (Poland) | 19% | 19% | 19% | 19% |
| Deferred tax assets | 8 730 | 5 994 | 3 497 | 11 227 |

* adjusted data

Positive temporary differences requiring recognition of deferred tax provisions

| | 31.12.2016 | increases | reductions | 30.09.2017 |
|--|---------------|----------------|----------------|---------------|
| Difference between net carrying value and net tax value of fixed assets and intangibles | 15 761 | 4 132 | - | 19 893 |
| Revaluation of forward contracts (cash flow hedge) at fair value | 53 | - | 53 | - |
| Income in the current period invoiced in the following period, and sales returns in the current period | 66 698 | 118 474 | 161 454 | 23 718 |
| Positive exchange rate differences | 1 004 | 275 | 1 165 | 114 |
| Valuation of shares in other entities | 169 | - | 169 | - |
| Other sources | 146 | 270 | 12 | 404 |
| Total positive temporary differences | 83 831 | 123 151 | 162 853 | 44 129 |
| Tax rate (Poland) | 19% | 19% | 19% | 19% |
| Deferred tax provisions | 15 928 | 23 399 | 30 942 | 8 385 |

Balance of deferred tax assets/provisions

| | 30.09.2017 | 30.06.2017 | 31.12.2016 |
|---|--------------|----------------|----------------|
| Deferred tax assets | 11 227 | 10 376 | 8 730 |
| Deferred tax provisions | 8 385 | 16 158 | 15 928 |
| Net deferred tax assets/provisions | 2 842 | (5 782) | (7 198) |

Income tax reported in profit/loss account

| | 01.07.2017 - 30.09.2017 | 01.01.2017 - 30.09.2017 | 01.07.2016 - 30.09.2016 | 01.01.2016 - 30.09.2016 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| Current income tax | 17 352 | 46 363 | 10 195 | 41 824 |
| Changes in deferred income tax | (8 624) | (10 040) | (875) | 389 |
| Income tax reported in profit/loss account | 8 728 | 36 323 | 9 320 | 42 213 |

Note 9. Provisions for employee benefits and similar liabilities

Provisions for employee benefits and similar liabilities

| | 30.09.2017 | 30.06.2017 | 31.12.2016 |
|---|------------|------------|------------|
| Provisions for retirement benefits and pensions | 58 | 58 | 58 |
| Provisions for other employee benefits | 51 | 53 | 293 |
| Total, including: | 109 | 111 | 351 |
| long-term provisions | 57 | 57 | 57 |
| short-term provisions | 52 | 54 | 294 |

Changes in provisions

| | Provisions for retirement benefits and pensions | Provisions for other employee benefits | Total |
|-------------------------------------|---|--|------------|
| As of 01.01.2017 | 58 | 293 | 351 |
| Benefits paid out | - | 219 | 219 |
| Provisions dissolved | - | 23 | 23 |
| As of 30.09.2017, including: | 58 | 51 | 109 |
| long-term provisions | 57 | - | 57 |
| short-term provisions | 1 | 51 | 52 |

Note 10. Other provisions

| | 30.09.2017 | 30.06.2017 | 31.12.2016 |
|--|---------------|---------------|---------------|
| Provisions for warranty-covered repairs and returns | 81 | 51 | 21 |
| Provisions for liabilities, including: | 58 910 | 53 191 | 45 010 |
| financial statement audit expenses | - | 61 | 68 |
| provisions for bought-in services | 452 | 673 | 644 |
| provisions for bonuses dependent on financial result | 58 252 | 52 363 | 43 906 |
| provisions for licensing liabilities | 7 | - | 81 |
| provisions for licenses and fixed assets | 17 | 34 | 72 |
| provisions for other expenses | 182 | 60 | 239 |
| Total, including: | 58 991 | 53 242 | 45 031 |
| long-term provisions | - | - | - |
| short-term provisions | 58 991 | 53 242 | 45 031 |

Changes in other provisions

| | Provisions for warranty-covered repairs and returns | Provisions for bonuses dependent on financial result | Other provisions | Total |
|--|---|--|------------------|---------------|
| As of 01.01.2017 | 21 | 43 906 | 1 104 | 45 031 |
| Provisions created during fiscal year | 87 | 28 598 | 1 500 | 30 185 |
| Benefits paid out | 22 | 13 024 | 1 291 | 14 337 |
| Provisions dissolved | - | 1 228 | - | 1 228 |
| Adjustments due to exchange rate differences | (5) | - | (655) | (660) |
| As of 30.09.2017, including: | 81 | 58 252 | 658 | 58 991 |
| long-term provisions | - | - | - | - |
| short-term provisions | 81 | 58 252 | 658 | 58 991 |

Note 11. Other liabilities

| | 30.09.2017 | 30.06.2017 | 31.12.2016 |
|---|--------------|---------------|--------------|
| Liabilities due to other taxes, duties, social security and similar expenses except corporate income tax | 5 175 | 8 534 | 4 508 |
| VAT | 3 736 | 4 906 | 3 487 |
| Flat-rate tax deducted at source | 41 | 15 | 12 |
| Personal income tax | 710 | 1 490 | 659 |
| Social security (ZUS) payments | 530 | 1 626 | 327 |
| National Fund for the Rehabilitation of the Disabled (PFRON) payments | 20 | 21 | 19 |
| PIT-8A settlements | 84 | 32 | 4 |
| Other liabilities | 54 | 444 | - |
| Other liabilities | 309 | 4 428 | 5 319 |
| Liabilities associated with employee compensation | - | - | 1 204 |
| Other settlements with employees | 6 | 37 | 25 |
| Other settlements with members of the management boards of Capital Grop member companies | 43 | 91 | 75 |
| Social Benefits Fund (ZFŚS) – other settlements | (2) | 86 | (34) |
| Advance payments from foreign clients | 262 | 4 214 | 4 049 |
| Total other liabilities | 5 484 | 12 962 | 9 827 |

Note 12. Disclosure of financial instruments

Fair value of financial instruments per class

The Management Board of the Group has performed an analysis of each class of financial instruments and came to the conclusion that the carrying amount of each instrument matches their respective fair value both as of 30 September 2017 and as of 31 December 2016.

Changes in financial instruments

| | 01.01.2017 – 30.09.2017 | | | | |
|--|---|--------------------------------------|--------------------------------------|-----------------------------------|--------------------------------|
| | Financial assets carried at fair value through profit or loss | Financial assets held to maturity | Loans granted and own receivables | Financial assets held for sale | Other financial liabilities |
| At beginning of period | 53 | 379 835 | 309 191 | 194 | 37 872 |
| Increases | - | 896 177 | 98 792 | - | 27 933 |
| Cash and cash equivalents | - | - | 50 446 | - | - |
| Trade and other receivables | - | - | 48 346 | - | - |
| Trade and other liabilities | - | - | - | - | 27 551 |
| Short-term deposits (maturity beyond 3 months) | - | 896 177 | - | - | - |
| Financial lease agreements | - | - | - | - | 382 |
| Reductions | 53 | 688 435 | 309 191 | 194 | 37 872 |
| Cash and cash equivalents | - | - | 217 369 | - | - |
| Trade and other receivables | - | - | 91 822 | - | - |
| Trade and other liabilities | - | - | - | - | 37 733 |
| Financial lease agreements | - | - | - | - | 139 |
| Short-term deposits (maturity beyond 3 months) | - | 688 435 | - | - | - |
| Company shares and stock | - | - | - | 194 | - |
| Forward contracts | 53 | - | - | - | - |
| At end of period | - | 587 577 | 98 792 | - | 27 933 |

The reported change in assets held for sale results from the sale of 16 shares in cdp.pl sp z o.o., carried out on 31 March 2017. Consequently, the Group's share in this entity was reduced from 3.11% to 0%.

Hierarchy of financial instruments carried at fair value

| | 30.09.2017 | 30.06.2017 | 31.12.2016 |
|-------------------------------------|------------|------------|------------|
| LEVEL 2 | | | |
| Assets carried at fair value | | | |
| Derivatives: | - | - | 53 |
| forward currency contract – USD | - | - | 53 |

Financial instruments carried at fair value are categorised into different levels of the fair value hierarchy as follows:

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

Level 2 – inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs are unobservable inputs for the asset or liability.

Changes in financial instruments are recognized as financial revenues or expenses (as appropriate) and presented in note 15.

Note 13. Operating expenses

| | 01.07.2017 – 30.09.2017 | 01.01.2017 – 30.09.2017 | 01.07.2016 – 30.09.2016* | 01.01.2016 – 30.09.2016* |
|---|----------------------------|----------------------------|-----------------------------|-----------------------------|
| Depreciation and impairment of fixed assets and intangibles | 1 268 | 3 619 | 1 128 | 3 692 |
| Consumption of materials and energy | 439 | 936 | 318 | 1 077 |
| Bought-in services | 5 427 | 38 888 | 15 203 | 53 363 |
| Taxes and fees | 162 | 441 | 92 | 303 |
| Employee compensation, social security and other benefits | 15 097 | 52 064 | 20 272 | 58 039 |
| Business travel | 587 | 1 415 | 282 | 1 325 |
| Other expenses | 160 | 538 | 304 | 825 |
| Use of company cars | 33 | 99 | 15 | 71 |
| Value of goods and materials sold | 18 430 | 56 047 | 18 382 | 60 979 |
| Cost of products and services sold | 403 | 891 | 134 | 32 397 |
| Total | 42 006 | 154 938 | 56 130 | 212 071 |
| Selling costs | 15 535 | 73 823 | 31 655 | 101 840 |
| General and administrative costs | 7 638 | 24 177 | 5 959 | 16 855 |
| Cost of products, goods and materials sold | 18 833 | 56 938 | 18 516 | 93 376 |
| Total | 42 006 | 154 938 | 56 130 | 212 071 |

* adjusted data

Note 14. Other operating revenues and expenses

Other operating revenues

| | 01.07.2017 – 30.09.2017 | 01.01.2017 – 30.09.2017 | 01.07.2016 – 30.09.2016 | 01.01.2016 – 30.09.2016 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Elimination of write-downs for receivables | 401 | 881 | 25 | 59 |
| Dissolution of provisions for employee benefits | - | 1 234 | 5 | 12 |
| Dissolution of provisions for liabilities | - | 10 | 85 | 157 |
| Subsidies | 503 | 595 | 687 | 763 |
| Write-downs on expired liabilities | - | 31 | - | 5 |
| Insurance claims and compensation for damages | 1 | 119 | - | 2 |
| Reinvoicing revenues | 148 | 375 | 83 | 601 |
| Profit from liquidation of fixed assets | 2 | 48 | - | 53 |
| Withholding tax recovered at source | - | 235 | - | - |
| Other revenues, including: | 296 | 416 | 348 | 411 |
| provisions dissolved | - | 21 | - | - |
| repossession gains received | 10 | 25 | 6 | 14 |
| interest on budget commitments | - | 11 | - | - |
| goods received free of charge | 35 | 35 | - | 2 |
| other sales | 244 | 278 | 287 | 290 |
| other miscellaneous operating revenues | 7 | 46 | 55 | 105 |
| Total operating revenues | 1 351 | 3 944 | 1 233 | 2 063 |

Other operating expenses

| | 01.07.2017 – 30.09.2017 | 01.01.2017 – 30.09.2017 | 01.07.2016 – 30.09.2016 | 01.01.2016 – 30.09.2016 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Revaluation of receivables | - | - | 235 | 261 |
| Losses from sales of fixed assets | - | - | 4 | - |
| Expenses associated with receivable enforcement proceedings | 29 | 77 | - | - |
| Donations | 9 | 14 | - | - |
| Reinvoicing costs | 148 | 375 | 83 | 601 |
| Receivables written off | - | 31 | - | - |
| Fixed assets written off | - | 743 | - | - |
| Unrecoverable withholding tax | 63 | 70 | 55 | 182 |
| Other operating expenses, including: | 815 | 1 041 | 787 | 806 |
| insurance costs | - | 2 | - | - |
| disposal of materials and goods | - | - | 1 | 11 |
| nonculpable shortfall in working assets | - | - | 9 | 9 |
| expenses associated with other sales | 777 | 991 | 776 | 776 |
| other miscellaneous operating expenses | 38 | 48 | 1 | 10 |
| Total operating expenses | 1 064 | 2 351 | 1 164 | 1 850 |

Note 15. Financial revenues and expenses

Financial revenues

| | 01.07.2017 – 30.09.2017 | 01.01.2017 – 30.09.2017 | 01.07.2016 – 30.09.2016 | 01.01.2016 – 30.09.2016 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Revenues from interest: | 2 180 | 7 226 | 2 178 | 6 154 |
| on short-term bank deposits | 2 180 | 7 222 | 2 178 | 6 146 |
| on trade settlements | - | 4 | - | 2 |
| long-term deposit discount | - | - | - | 6 |
| Other financial revenues, including: | 7 | 422 | 681 | 1 470 |
| profit from liquidation of investments | - | - | 678 | 658 |
| forward currency contracts | - | 41 | - | 797 |
| profit from sales of shares | - | 374 | - | - |
| other miscellaneous financial revenues | 7 | 7 | 3 | 15 |
| Total financial revenues | 2 187 | 7 648 | 2 859 | 7 624 |

Financial expenses

| | 01.07.2017 – 30.09.2017 | 01.01.2017 – 30.09.2017 | 01.07.2016 – 30.09.2016 | 01.01.2016 – 30.09.2016 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Interest payments: | 5 | 46 | 31 | 55 |
| on bank settlements | - | - | - | 1 |
| on lease agreements | 4 | 9 | 2 | 7 |
| on budget commitments | 1 | 37 | 29 | 47 |
| Other financial expenses, including: | 893 | 3 125 | 1 755 | 2 068 |
| surplus negative exchange rate differences | 893 | 3 125 | 1 755 | 2 068 |
| Total financial expenses | 898 | 3 171 | 1 786 | 2 123 |
| Net financial expenses | 1 289 | 4 477 | 1 073 | 5 501 |

The goals and rules of managing financial risk have been described in the Management Board Report on CD PROJEKT Capital Group Activities in 2016.

Note 16. Issue, buyback and redemption of debt and capital securities

Issue of debt securities

Not applicable.

Issue of capital securities

| | 30.09.2017 | 30.06.2017 | 31.12.2016 |
|--------------------------------------|---------------|---------------|---------------|
| Stock volume (thousands) | 96 120 | 96 120 | 96 120 |
| Nominal value per share (PLN) | 1 | 1 | 1 |
| Share capital (PLN thousands) | 96 120 | 96 120 | 96 120 |

Note 17. Dividends declared or paid out

On 23 May 2017 the Ordinary General Meeting of Shareholders of CD PROJEKT S.A. voted to allocate part of the parent company's profit obtained in 2016 towards a dividend payable to Company shareholders. In line with the adopted resolution, on 13 June 2017 the parent company paid out a dividend in the amount of 100 926 thousand PLN (1.05 PLN per share). The dividend applied to 96 120 000 shares of the parent company.

Note 18. Transactions with affiliates

Rules governing transactions with affiliates

Intragroup transactions are conducted in accordance with the Directive of the Finance Minister of 10 September 2009 specifying the rules for estimating the income of legal entities and avoiding double taxation when adjusting the income of affiliated legal entities (Journal of Laws of the Republic of Poland 2009, no. 160, item 1268), later amended by the Directive of the Finance Minister of 17 June 2013 (Journal of Laws of the Republic of Poland; 3 July 2013), as well as with OECD guidelines regarding transfer prices.

In each case, selection of the appropriate pricing model is preceded by careful analysis of the given transaction, specifically, the assignment of responsibilities and financial exposure of each party, along with the associated risks, costs and business strategies.

As a result, transactions between member companies of the CD PROJEKT Capital Group closely reflect similar transactions concluded by unaffiliated entities.

For significant transactions exceeding the limits specified in Art. 9a of the corporate income tax law all participating entities submit the required tax forms.

Transactions with affiliates following consolidation eliminations

| | Sales to affiliates | | | | Purchases from affiliates | | | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 01.07.2017 – 30.09.2017 | 01.01.2017 – 30.09.2017 | 01.07.2016 – 30.09.2016 | 01.01.2016 – 30.09.2016 | 01.07.2017 – 30.09.2017 | 01.01.2017 – 30.09.2017 | 01.07.2016 – 30.09.2016 | 01.01.2016 – 30.09.2016 |
| SUBSIDIARIES | | | | | | | | |
| CD PROJEKT Co., Ltd | 24 | 24 | - | - | 538 | 1 211 | - | - |
| GROUP MEMBER COMPANIES - EXECUTIVES | | | | | | | | |
| Marcin Iwiński | 1 | 4 | 1 | 4 | - | - | - | - |
| Adam Kiciński | 1 | 2 | 1 | 2 | - | - | - | - |
| Piotr Nielubowicz | 1 | 4 | 1 | 4 | - | - | - | - |
| Michał Nowakowski | 2 | 7 | 2 | 7 | - | - | - | - |
| Piotr Karwowski | - | - | - | 1 | - | - | - | - |
| Oleg Klapovskiy | - | - | - | 1 | - | - | - | - |
| SUPERVISORY BOARD MEMBERS | | | | | | | | |
| Katarzyna Szwarc | - | - | - | - | - | 5 | - | - |

| | Receivables from affiliates | | | Liabilities due to affiliates | | |
|--|-----------------------------|------------|------------|-------------------------------|-------------|-------------|
| | 30.09.2017 | 30.06.2017 | 31.12.2016 | 30.09.2017 | 30.06.2017* | 31.12.2016* |
| SUBSIDIARIES | | | | | | |
| CD PROJEKT Co., Ltd | 14 | - | - | 281 | - | - |
| GROUP MEMBER COMPANIES - EXECUTIVES | | | | | | |
| Marcin Iwiński | 3 | - | 1 | 1 | 2 | - |
| Adam Kiciński | - | - | - | 1 | - | 7 |
| Michał Nowakowski | 8 | - | - | 1 | 3 | 3 |
| Adam Badowski | - | - | 9 | - | - | - |
| Oleg Klapovskiy | - | - | - | 40 | 86 | 65 |

* adjusted data



Note 19. Bad loans and breaches of loan agreements not subject to remedial proceedings as of the balance sheet date

Not applicable.

Note 20. Changes in conditional liabilities and assets since the close of the most recent fiscal year

Conditional liabilities from sureties and collateral pledged

| | Type of agreement | Currency | 30.09.2017 | 30.06.2017 | 31.12.2016 |
|---|--|----------|------------|------------|------------|
| Agora S.A. | | | | | |
| Promissory note payable | Collateral for licensing and distribution agreement | PLN | - | - | 11 931 |
| Declaration of submission to enforcement with respect to guaranteed execution of distribution agreement | Collateral for licensing and distribution agreement | PLN | - | - | 11 931 |
| mBank S.A. | | | | | |
| Declaration of submission to enforcement | Collateral for credit card agreement | PLN | 920 | 920 | 920 |
| Promissory note agreement | Framework agreement concerning forward and derivative transactions | PLN | 7 710 | 7 710 | 7 710 |
| Promissory note agreement | Collateral for lease agreement | PLN | 667 | 667 | 667 |
| Ingenico Group S.A. (formerly Global Collect Services BV) | | | | | |
| Contract of guarantee | Guarantee of discharge of liabilities by GOG Ltd. | EUR | 155 | 155 | 155 |
| Ministry of the Economy | | | | | |
| Promissory note agreement | Co-financing agreement no. POIG.06.05.02-00-146/13-00 | PLN | - | - | 265 |
| Promissory note agreement | Co-financing agreement no. POIG.06.05.02-00-148/13-00 | PLN | - | - | 235 |

Polish Agency for Enterprise Development (Polska Agencja Rozwoju Przedsiębiorczości)

| | | | | | |
|---------------------------|--|-----|-----|-----|-----|
| Promissory note agreement | Co-financing agreement no. UDA-POIG.08.02.00-14-524/13-00; POIG Task 8.2 | PLN | 798 | 798 | 798 |
|---------------------------|--|-----|-----|-----|-----|

National Centre 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 | - |

Raiffeisen Bank Polska S.A.

| | | | | | |
|---|--|-----|--------|--------|--------|
| Guarantee of discharge of cash pool liabilities | Cash pool agreement | PLN | - | - | 15 000 |
| Guarantee of discharge of cash pool liabilities | Cash pool agreement | USD | - | - | 500 |
| Declaration of submission to enforcement | Framework agreement concerning forward and derivative transactions | PLN | 25 000 | 75 000 | 75 000 |

BZ WBK Leasing S.A.

| | | | | | |
|---------------------------|------------------------------------|-----|-----|-----|-----|
| Promissory note agreement | Lease agreement no. CZ5/00007/2016 | PLN | 320 | 320 | 320 |
| Promissory note agreement | Lease agreement no. CZ5/00013/2017 | PLN | 403 | 403 | - |
| Promissory note agreement | Lease agreement no. CZ5/00036/2017 | PLN | 175 | 175 | - |

BZ WBK S.A.

| | | | | | |
|---------------------------|--|-----|-------|-------|-------|
| Promissory note agreement | Framework agreement concerning treasury transactions | PLN | 6 500 | 6 500 | 6 500 |
|---------------------------|--|-----|-------|-------|-------|

Note 21. Changes in the structure of the Capital Group and its member entities occurring during the reporting period

Incorporation of new subsidiary

On 26 April 2017 a subsidiary of CD PROJEKT S.A. named CD PROJEKT Co., Ltd. was incorporated in the People's Republic of China, with a registered office in Shanghai. The goal of this action is to ensure regional presence of the CD PROJEKT Capital Group on the Chinese market, and to create suitable conditions for a local team tasked with coordinating the Group's publishing and promotional activities in the People's Republic of China – including, in particular, the upcoming release of GWENT.

Merger between subsidiaries

On 15 May 2017 the Management Boards of two companies wholly owned by CD PROJEKT S.A., i.e. GOG Poland Sp. z o.o. and GOG Ltd. undertook resolutions whose purpose was to effect a merger between said companies. The process involved a transnational merger between GOG Poland Sp. z o.o. (the Acquirer) and GOG Ltd. (the Acquiree) and transfer of all operating activities of GOG Ltd. from Cyprus to Poland. This was done in order to simplify the organizational structure of the CD PROJEKT Capital Group. The process concluded on 31 October 2017 when the District Court for the City of Warsaw, 13th Commercial Department of the National Court Registry certified the merger between the aforementioned subsidiaries. The merger was carried out under Art. 492 § 1 item 1 and Art. 516¹ of the Commercial Company Code, by transferring the totality of GOG Ltd. assets and liabilities to the Acquirer, in exchange for shares in the Acquirer's increased share capital, issued to the sole shareholder of GOG Ltd., i.e. CD PROJEKT S.A.

In conjunction with the certification of the merger, the name under which the Acquirer conducts business activities was changed from GOG Poland sp. z o.o. to GOG sp. z o.o.

Note 22. 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 voted to institute a new incentive program covering the years 2016-2021. According to the program's conditions, a maximum of 6 000 000 entitlements may be granted. Implementation of the program may be carried out by issuing and assigning series B subscription warrants, entitling holders to claim Company shares issued as a conditional increase in the Company share capital, or by presenting entitled parties with an offer to buy existing shares which the Company will have previously bought back on the open market. In either case, implementation of the program is contingent upon meeting specific result goals (80% of entitlements) and market goals (20% of entitlements), in addition to a loyalty criterion which applies to each entitled party until such time as the attainment of either goal is officially declared.

In conjunction with assignment of Series B subscription warrants, the Company is also discretionarily empowered to present each entitled party with an offer to repurchase said warrants, in part or in whole, for redemption.

Note 23. 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 increase tax risks in Poland beyond the level encountered in states with more developed fiscal systems.

Fiscal settlements may be subject to state audits within five years following the end of the period in which tax payment was effected.

On 15 July 2016 the Tax Code was amended to reflect the stipulations of the General Anti-Avoidance Rule (GAAR). The goal of GAAR is to discourage creation and exploitation of fictitious legal structures which serve primarily as a means of avoiding taxation. GAAR defines tax avoidance as any activity which is carried out specifically to obtain fiscal relief in a manner contrary to the goal and substance of the applicable tax laws. Under GAAR, such activities provide no fiscal relief if carried out under false pretense. Specifically, all cases of (i) unnecessary partitioning of activities; (ii) involving intermediaries despite the lack of economic justification for such involvement; (iii) activities which produce a state identical to or materially similar to the state which existed prior to initiation of such activities; (iv) mutually compensating or counterbalancing activities or (v) activities which carry excessive economic risk given the expected benefits, except for fiscal benefits, giving rise to the conclusion that a rational entity would not have undertaken such risk – all such activities may be regarded as carried out under false pretense and therefore subject to GAAR. The introduction of GAAR will mandate much more diligent assessment of the fiscal consequences of transactions carried out by the Company.

GAAR is applicable to transactions carried out following its introduction as well as to preceding transactions, if such transactions continued to generate tax benefits on the date of introduction of GAAR. Implementation of the abovementioned rules will enable Polish tax authorities to question legal agreements concluded by taxable entities, such as restructurization and reorganization of the Capital Group.

Note 24. Clarifications regarding the condensed interim consolidated statement of cash flows

| | 01.07.2017 – 30.09.2017 | 01.01.2017 – 30.09.2017 | 01.07.2016 – 30.09.2016* | 01.01.2016 – 30.09.2016* |
|---|----------------------------|----------------------------|-----------------------------|-----------------------------|
| Total cash and cash equivalents reported in the cash flow statement | 50 446 | 50 446 | 80 729 | 80 729 |
| Cash on balance sheet | 50 446 | 50 446 | 80 729 | 80 729 |
| Depreciation | 1 268 | 3 619 | 1 128 | 35 089 |
| Depreciation of intangible assets | 617 | 1 850 | 622 | 2 176 |
| Depreciation of development projects | - | - | - | 31 397 |
| Depreciation of fixed assets | 651 | 1 769 | 506 | 1 516 |
| Interest and profit sharing consists of: | (2 180) | (7 222) | (2 178) | (6 148) |
| Interest collected | (2 180) | (7 222) | (2 178) | (6 148) |
| Profit (loss) from investment activities consists of: | (2) | 908 | 356 | 379 |
| Revenues from sales of intangibles | - | - | - | (126) |
| Revenues from sales of fixed assets | (4) | (64) | - | - |
| Net value of fixed assets sold | 2 | 16 | (2) | (55) |
| Net value of shares sold | - | 195 | 53 | 53 |
| Fixed assets received free of charge | - | (35) | - | - |
| Net value of fixed assets liquidated | - | - | (1) | 122 |
| Revaluation of short-term financial assets | - | 53 | - | 102 |
| Revaluation of cdp.pl shares at fair value | - | - | 306 | 306 |
| Fixed assets written off | - | 743 | - | - |
| Revenues from sales of investments | - | - | - | (23) |
| Changes in provisions consist of: | 5 747 | 13 718 | (40 039) | (30 248) |
| Balance of changes in provisions for liabilities | 5 749 | 13 960 | (39 980) | (30 243) |
| Balance of changes in provisions for employee benefits | (2) | (242) | (59) | (5) |
| Changes in inventories consist of: | 54 | (100) | (14) | 122 |
| Balance of changes in inventories | 54 | (100) | (14) | 122 |
| Changes in receivables consist of: | 44 355 | 43 529 | 36 240 | 51 267 |
| Balance of changes in short-term receivables | 46 783 | 43 588 | 33 946 | 45 131 |
| Balance of changes in long-term receivables | - | (35) | (94) | (195) |
| Income tax set against withholding tax | - | 14 316 | 5 713 | 21 583 |
| Adjustments for current income tax | (2 428) | (14 340) | (3 325) | (15 252) |
| Changes in short-term liabilities except financial liabilities consist of: | (14 135) | (10 337) | 29 523 | (7 274) |
| Balance of changes in short-term liabilities | (10 174) | (8 570) | 27 239 | (14 695) |
| Adjustments for current income tax | (3 735) | (1 470) | 764 | 7 370 |
| Changes in financial liabilities | 15 | (142) | 110 | 233 |
| Adjustments for liabilities associated with purchases of fixed assets | (223) | 263 | 441 | 39 |
| Adjustments for liabilities associated with purchases of intangible assets | (18) | (418) | 969 | (221) |
| Changes in other assets and liabilities consist of: | 3 294 | 3 407 | (288) | (5 270) |
| Balance of changes in prepaid expenses | 2 759 | 3 559 | (74) | (236) |
| Balance of changes in deferred revenues | 535 | (152) | (214) | (5 032) |
| Elimination of fixed assets received free of charge | - | - | - | (2) |
| Other adjustments consist of: | 2 401 | 4 562 | 1 825 | 3 385 |
| Costs of incentive program | 2 640 | 7 622 | 2 320 | 3 482 |
| Depreciation aggregated with cost of sales and consortium settlements | 23 | 62 | 77 | 161 |
| Exchange rate differences | (262) | (3 122) | (572) | (258) |

* adjusted data

Note 25. Events occurring after the balance sheet date

In Current Report no. 26/2017 of 16 October 2017 the Management Board announced that a notice had been filed by a Company shareholder under Art. 69 sections 1 and 4 of the Act of 29 July 2005 on Public Offerings, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies, to the effect that, as a result of a sale of CD PROJEKT S.A. stock carried out on 11 October 2017, the percentage of Company shares held by Otwarty Fundusz Emerytalny Aviva BZ WBK decreased from 5.01% to 4.88% which corresponds to 4 693 642 shares of CD PROJEKT S.A. stock.

In Current Report no. 27/2017 of 31 October 2017 the Management Board announced that on 31 October 2017 the District Court for the City of Warsaw, 13th Commercial Department of the National Court Registry certified the transnational merger between two of the Issuer's subsidiaries, i.e. GOG Poland sp. z o.o., with a registered office in Warsaw, and GOG Limited, with a registered office in Nicosia.

The merger was carried out under Art. 492 § 1 item 1 of the Commercial Company Code (CCC), in conjunction with Art. 5161 of the CCC, by transferring the totality of the assets and liabilities of GOG Limited to the Acquirer in exchange for shares in the increased share capital of the Acquirer, issued to the Acquiree's sole shareholder, i.e. the Issuer.

In conjunction with the merger, the Acquirer's name was altered from GOG Poland sp. z o.o. to GOG sp. z o.o.



CD PROJEKT

Supplementary information

5

Legal proceedings

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

Litigation in which CD PROJEKT S.A. is the plaintiff or claimant

CD PROJEKT S.A. (formerly Optimus S.A.) vs. State Treasury

On 15 February 2006 the Management Board of Optimus S.A. filed a complaint in the District Court for the City of Kraków, 1st Civil Department seeking monetary damages from the State Treasury in the amount of 35 650.6 thousand PLN in relation to decisions issued by the Inspector of Treasury Control concerning VAT liabilities allegedly incurred by the Company's legal predecessor. On 24 November 2003 the Supreme Administrative Court in Warsaw vacated these decisions as unlawful.

On 9 December 2008 the District Court for the City of Kraków issued an interlocutory judgment holding the Optimus claim valid in rem. This judgment concerned the validity of the Company's claim for monetary damages. On 19 May 2009 this judgment was vacated by the Appellate Court for the City of Kraków, 1st Civil Department, which remanded the case to the District Court for further proceedings.

On 1 August 2014 the District Court for the City of Kraków issued a final judgment closing the proceedings in the court of first instance. The District Court's judgment awarded the Company 1 090.5 thousand PLN plus statutory interest for the period between 15 November 2005 and the remittance date, dismissing the lawsuit on all other counts.

On 9 October 2014 the Company filed an appeal against the District Court's judgment with regard to those sections in which the District Court dismissed the Company's claims, and also the section concerning the cost of legal proceedings associated with the case. A parallel appeal against the section in which the District Court affirms the Company's claims was filed by the State Treasury.

The case is currently pending before the Appellate Court in Kraków, which, having heard statements by both Parties and by the court expert whose opinion constituted the grounds for the judgment of the court of first instance, has decided to appoint another expert to prepare a second opinion.

Criminal proceedings in which CD PROJEKT S.A. is recognized as the victim

Case against Michał Lorenc, Piotr Lewandowski and Michał Dębski

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

No significant court proceedings, arbitration proceedings or administrative proceedings involving the Company or its subsidiaries were initiated during the reporting period. Additionally, no significant changes occurred with regard to other proceedings disclosed in the Company's annual financial statement for 2016.

Shareholder structure

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

| | Qty. of votes at the GM | % share in total number of votes at the GM |
|--|-------------------------|--|
| Marcin Iwiński | 12 150 000 | 12.64% |
| Michał Kiciński ⁽¹⁾ | 10 486 106 | 10.91% |
| Piotr Nielubowicz | 6 135 197 | 6.38% |
| Nationale-Nederlanden PTE ⁽²⁾ | 4 998 520 | 5.20% |
| Pozostały akcjonariat | 62 350 177 | 64.87% |

(1) as disclosed in notice filed on 6 December 2016

(2) as disclosed in notice filed on 13 July 2017

The percentage share in the share capital of the parent entity held by the above listed parties is equivalent to the amount of votes controlled by these parties at the General Meeting.

Changes in shareholder structure of the parent entity

On 13 July 2017, in Current Report no. 15/2017, the Company announced that a notice had been filed by a Company shareholder under Art. 69 section 1 and Art. 87 section 1 item 3 of the Act of 29 July 2005 on Public Offerings, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies, to the effect that, as a result of a purchase of CD PROJEKT S.A. stock the following funds managed by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A.: Nationale-Nederlanden Otwarty Fundusz Emerytalny ("OFE") and Nationale-Nederlanden Dobrowolny Fundusz Emerytalny ("DFE") increased their joint share in CD PROJEKT S.A. share capital from 4.99% to 5.20%, which corresponds to 4 998 520 shares of CD PROJEKT S.A. stock.

On 16 October 2017 the Company received a notice filed by a Company shareholder and described in Note 25: Events occurring after the balance sheet date.

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

Changes in number of shares held by members of the Management Board and the Supervisory Board

| Name | Position | As of 01.01.2017 | As of 30.09.2017 | As of 22.11.2017 |
|-----------------------------------|-------------------------------------|------------------|------------------|------------------|
| Adam Kiciński | President of the Board | 3 322 481 | 3 322 481 | 3 322 481 |
| Marcin Iwiński | Vice President of the Board | 12 150 000 | 12 150 000 | 12 150 000 |
| Piotr Nielubowicz | Vice President of the Board | 6 135 197 | 6 135 197 | 6 135 197 |
| Adam Badowski | Board Member | 150 000 | 150 000 | 150 000 |
| Michał Nowakowski | Board Member | 101 149 | 101 149 | 101 149 |
| Piotr Karwowski | Board Member | 8 000 | 8 000 | 8 000 |
| Oleg Klapovskiy ⁽¹⁾ | Członek Zarządu | Not applicable | Not applicable | 1 042 |
| Katarzyna Szwarc | Chairwoman of the Supervisory Board | 10 010 | 10 010 | 10 010 |
| Maciej Nielubowicz ⁽²⁾ | Supervisory Board Member | Not applicable | Not applicable | 51 |

(1) Member of the Board since 11 October 2017

(2) Member of the Supervisory Board since 11 October 2017

Validation of published estimates

The Group had not published any estimates referring to the reporting period.



CD PROJEKT

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

6

Condensed interim separate profit and loss account

| | Note | 01.07.2017 – 30.09.2017 | 01.01.2017 – 30.09.2017 | 01.07.2016 – 30.09.2016* | 01.01.2016 – 30.09.2016* |
|---|------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| Sales revenues | | 57 455 | 241 261 | 80 330 | 346 049 |
| Revenues from sales of products | | 55 004 | 234 674 | 74 850 | 328 835 |
| Revenues from sales of services | | 488 | 1 713 | 640 | 1 986 |
| Revenues from sales of goods and materials | | 1 963 | 4 874 | 4 840 | 15 228 |
| Cost of products, goods and materials sold | | 2 620 | 6 451 | 5 312 | 48 282 |
| Cost of products and services sold | | 787 | 1 890 | 534 | 33 610 |
| Value of goods and materials sold | | 1 833 | 4 561 | 4 778 | 14 672 |
| Gross profit (loss) from sales | | 54 835 | 234 810 | 75 018 | 297 767 |
| Other operating revenues | | 1 821 | 4 566 | 1 450 | 2 308 |
| Selling costs | | 8 781 | 49 151 | 25 668 | 85 968 |
| General and administrative costs | | 5 647 | 17 848 | 5 493 | 12 610 |
| Other operating expenses | | 1 496 | 2 967 | 1 386 | 2 167 |
| Operating profit (loss) | | 40 732 | 169 410 | 43 921 | 199 330 |
| Financial revenues | | 2 178 | 7 622 | 6 721 | 11 474 |
| Financial expenses | | 912 | 3 515 | 1 762 | 1 937 |
| Profit (loss) before tax | | 41 998 | 173 517 | 48 880 | 208 867 |
| Income tax | A | 8 343 | 33 935 | 9 140 | 39 929 |
| Net profit (loss) | | 33 655 | 139 582 | 39 740 | 168 938 |
| Net earnings per share (in PLN) | | | | | |
| Basic for the reporting period | | 0.35 | 1.45 | 0.42 | 1.77 |
| Diluted for the reporting period | | 0.34 | 1.40 | 0.40 | 1.76 |
| Net earnings per share from continuing operations (in PLN) | | | | | |
| Basic for the reporting period | | 0.35 | 1.45 | 0.42 | 1.77 |
| Diluted for the reporting period | | 0.34 | 1.40 | 0.40 | 1.76 |

* adjusted data

Condensed interim separate statement of comprehensive income

| | 01.07.2017 – 30.09.2017 | 01.01.2017 – 30.09.2017 | 01.07.2016 – 30.09.2016 | 01.01.2016 – 30.09.2016 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Net profit (loss) | 33 655 | 139 582 | 39 740 | 168 938 |
| Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria | - | - | - | (1) |
| Differences from rounding to PLN thousands | - | - | - | (1) |
| Other comprehensive income which will not be entered as profit (loss) | - | - | - | - |
| Total comprehensive income | 33 655 | 139 582 | 39 740 | 168 937 |

Condensed interim separate statement of financial position

| | Note | 30.09.2017 | 30.06.2017 | 31.12.2016* |
|--|------|----------------|----------------|----------------|
| FIXED ASSETS | | 228 904 | 208 870 | 169 607 |
| Tangible assets | | 15 324 | 14 675 | 10 952 |
| Intangibles | B | 85 360 | 85 807 | 84 075 |
| Expenditures on development projects | | 110 151 | 92 299 | 60 049 |
| Investments in subsidiaries | D | 15 166 | 14 423 | 13 850 |
| Other financial assets | | 110 | 1 175 | 194 |
| Deferred income tax assets | A | 2 302 | - | - |
| Other long-term receivables | | 491 | 491 | 487 |
| WORKING ASSETS | | 646 771 | 638 587 | 658 922 |
| Inventories | | 501 | 555 | 401 |
| Trade receivables | | 31 153 | 83 056 | 73 372 |
| Current income tax receivables | | - | 2 374 | - |
| Other receivables | | 17 637 | 18 988 | 23 701 |
| Other financial assets | | 470 | 454 | 53 |
| Prepaid expenses | | 1 520 | 1 606 | 1 012 |
| Cash and cash equivalents | | 7 913 | 34 007 | 180 548 |
| Bank deposits (maturity beyond 3 months) | 12** | 587 577 | 497 547 | 379 835 |
| TOTAL ASSETS | | 875 675 | 847 457 | 828 529 |

* adjusted data

** Detailed information regarding changes in each line item can be found in the notes accompanying the condensed interim consolidated financial statement.



| | Note | 30.09.2017 | 30.06.2017 | 31.12.2016 |
|--|------|----------------|----------------|----------------|
| EQUITY | | 803 854 | 767 558 | 757 576 |
| Equity attributable to shareholders of the entity | | 803 854 | 767 558 | 757 576 |
| Share capital | 16* | 96 120 | 96 120 | 96 120 |
| Supplementary capital | | 539 294 | 539 294 | 390 518 |
| Other reserve capital | | 12 417 | 9 777 | 4 795 |
| Retained earnings | | 16 441 | 16 441 | 16 441 |
| Net profit (loss) for the reporting period | | 139 582 | 105 926 | 249 702 |
| LONG-TERM LIABILITIES | | 899 | 6 559 | 8 705 |
| Other financial liabilities | | 177 | 205 | 76 |
| Deferred income tax liabilities | A | - | 5 873 | 7 638 |
| Deferred revenues | | 668 | 427 | 937 |
| Provisions for employee benefits and similar liabilities | | 54 | 54 | 54 |
| SHORT-TERM LIABILITIES | | 70 922 | 73 340 | 62 248 |
| Other financial liabilities | | 205 | 220 | 63 |
| Trade liabilities | | 5 944 | 8 712 | 7 204 |
| Current income tax liabilities | | 4 057 | - | 3 678 |
| Other liabilities | | 3 366 | 12 417 | 7 035 |
| Deferred revenues | | 585 | 789 | 587 |
| Provisions for employee benefits and similar liabilities | | 52 | 52 | 182 |
| Other provisions | | 56 713 | 51 150 | 43 499 |
| Total equity and liabilities | | 875 675 | 847 457 | 828 529 |

* Detailed information regarding changes in each line item can be found in the notes accompanying the condensed interim consolidated financial statement.

Condensed interim statement of changes in separate equity

| | Share capital | Supplementary capital | Other reserve capital | Retained earnings | Net profit (loss) for the reporting period | Total equity |
|---|---------------|-----------------------|-----------------------|-------------------|--|----------------|
| 01.01.2017 – 30.09.2017 | | | | | | |
| Equity as of 01.01.2017 | 96 120 | 390 518 | 4 795 | 266 143 | - | 757 576 |
| Cost of incentive program | - | - | 7 622 | - | - | 7 622 |
| Allocation of net profit/coverage of loss | - | 148 776 | - | (148 776) | - | - |
| Dividend payments | - | - | - | (100 926) | - | (100 926) |
| Total comprehensive income | - | - | - | - | 139 582 | 139 582 |
| Equity as of 30.09.2017 | 96 120 | 539 294 | 12 417 | 16 441 | 139 582 | 803 854 |

| | Share capital | Supplementary capital | Other reserve capital | Retained earnings | Net profit (loss) for the reporting period | Total equity |
|---|---------------|-----------------------|-----------------------|-------------------|--|----------------|
| 01.01.2016 – 30.09.2016 | | | | | | |
| Equity as of 01.01.2016 | 94 950 | 110 936 | 3 354 | 270 847 | - | 480 087 |
| Registered increase in share capital | 870 | (870) | - | - | - | - |
| Cost of incentive program | - | - | 3 482 | - | - | 3 482 |
| Payment in own shares | - | 7 036 | (3 295) | - | - | 3 741 |
| Allocation of net profit/coverage of loss | - | 270 847 | - | (270 847) | - | - |
| Total comprehensive income | - | - | (1) | - | 168 938 | 168 937 |
| Equity as of 30.09.2016 | 95 820 | 387 949 | 3 540 | - | 168 938 | 656 247 |



Condensed interim separate statement of cash flows

| | 01.07.2017 – 30.09.2017 | 01.01.2017 – 30.09.2017 | 01.07.2016 – 30.09.2016* | 01.01.2016 – 30.09.2016* |
|---|----------------------------|----------------------------|-----------------------------|-----------------------------|
| OPERATING ACTIVITIES | | | | |
| Net profit (loss) | 33 655 | 139 582 | 39 740 | 168 938 |
| Total adjustments: | 45 347 | 61 596 | 37 739 | 37 936 |
| Depreciation of fixed assets and intangibles | 473 | 1 345 | 480 | 1 742 |
| Depreciation of development projects | - | - | - | 31 397 |
| Profit (loss) from exchange rate differences | (105) | 85 | - | - |
| Interest and profit sharing (dividends) | (2 173) | (7 196) | (6 035) | (9 981) |
| Profit (loss) from investment activities | (2) | 907 | 356 | 382 |
| Change in provisions | 5 563 | 13 084 | (39 647) | (30 057) |
| Change in inventories | 54 | (100) | (14) | 121 |
| Change in receivables | 50 998 | 50 521 | 43 976 | 52 900 |
| Change in liabilities excluding credits and loans | (12 056) | (3 246) | 35 504 | (11 857) |
| Change in other assets and liabilities | 125 | (778) | 712 | (373) |
| Other adjustments | 2 470 | 6 974 | 2 407 | 3 662 |
| Cash flows from operating activities | 79 002 | 201 178 | 77 479 | 206 874 |
| Income tax on profit (loss) before taxation | 8 343 | 33 935 | 9 140 | 39 929 |
| Income tax (paid)/reimbursed | (10 141) | (43 583) | (12 478) | (54 566) |
| Net cash flows from operating activities | 77 204 | 191 530 | 74 141 | 192 237 |
| INVESTMENT ACTIVITIES | | | | |
| Inflows | 229 931 | 697 084 | 168 341 | 479 949 |
| Liquidation of intangibles and fixed assets | 4 | 63 | 2 | 55 |
| Liquidation of financial assets | - | - | - | 85 |
| Repayment of long-term loans granted | 1 154 | 1 390 | - | - |
| Closing bank deposits (maturity beyond 3 months) | 226 600 | 688 435 | 162 300 | 469 808 |
| Other inflows from investment activities | 2 173 | 7 196 | 6 039 | 10 001 |
| Outflows | 335 045 | 955 275 | 487 002 | 706 699 |
| Purchases of intangibles and fixed assets | 1 805 | 9 526 | 3 829 | 7 581 |
| Expenditures on development projects | 16 610 | 47 517 | 11 738 | 39 883 |
| Long-term loans granted | - | 2 055 | - | - |
| Opening bank deposits (maturity beyond 3 months) | 316 630 | 896 177 | 471 435 | 659 235 |
| Net cash flows from investment activities | (105 114) | (258 191) | (318 661) | (226 750) |
| FINANCIAL ACTIVITIES | | | | |
| Inflows | 2 311 | - | 2 838 | 3 741 |
| Net inflows from issue of shares and other securities, and from capital contributions | - | - | 2 838 | 3 741 |
| Other financial inflows | 2 311 | - | - | - |
| Outflows | 495 | 105 974 | 598 | 4 483 |
| Capital increase at subsidiary | 452 | 452 | - | - |
| Dividends and other payments due to shareholders | - | 100 926 | - | - |
| Payment of liabilities associated with financial lease agreements | 43 | 383 | 125 | 484 |
| Interest payments | - | - | 4 | 19 |
| Other outflows from financial activities (incl. cash pool activities) | - | 4 213 | 469 | 3 980 |



| | | | | |
|--|----------|-----------|-----------|----------|
| Net cash flows from financial activities | 1 816 | (105 974) | 2 240 | (742) |
| Total net cash flows | (26 094) | (172 635) | (242 280) | (35 255) |
| Balance of inflows and outflows | (26 094) | (172 635) | (242 280) | (35 255) |
| Cash and cash equivalents at beginning of period | 34 007 | 180 548 | 291 239 | 84 214 |
| Cash and cash equivalents at end of period | 7 913 | 7 913 | 48 959 | 48 959 |

* adjusted data

Clarifications regarding the separate statement of cash flows

| | 01.07.2017 – 30.09.2017 | 01.01.2017 – 30.09.2017 | 01.07.2016 – 30.09.2016* | 01.01.2016 – 30.09.2016* |
|---|----------------------------|----------------------------|-----------------------------|-----------------------------|
| The "other adjustments" line item comprises: | 2 470 | 6 974 | 2 407 | 3 662 |
| Cost of incentive program | 2 349 | 6 759 | 2 320 | 3 482 |
| Depreciation aggregated with cost of sales and consortium settlements | 121 | 215 | 87 | 180 |

* adjusted data

Assumption of comparability of financial statements and changes in accounting policies

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 2016, 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 2016.

Presentation changes

In preparing this condensed interim separate financial statement for the period between 1 January and 30 September 2017 several changes have been introduced in the presentation of selected financial data. In order to ensure comparability of financial statements, the financial data for the period between 1 July and 30 September 2016 and for the period between 1 January and 30 September 2016, as well as for 31 December 2017 and for 30 June 2017, has been adjusted as follows:

- In the separate profit and loss account for the period between 1 July and 30 September 2016, and between 1 January and 30 September 2016, the presentation of administrative expenses has been adjusted as follows:
 - Separate profit and loss account for the period between 1 July and 30 September 2016
 - Selling costs – adjusted by (721) thousand PLN
 - General and administrative costs – adjusted by 470 thousand PLN
 - Cost of products and services sold – adjusted by 251 thousand PLN
 - Separate profit and loss account for the period between 1 January and 30 September 2016
 - Selling costs – adjusted by (1 780) thousand PLN
 - General and administrative costs – adjusted by 1 102 thousand PLN
 - Cost of products and services sold – adjusted by 678 thousand PLN

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

- In the separate statement of financial position for 31 December 2016 the “Other monetary assets” line item was renamed to “Bank deposits (maturity beyond 3 months)”.
- In the separate statement of financial position for 31 December 2016 and in the separate statement of cash flows for the period between 1 July and 30 September 2016 and between 1 January and 30 September 2016 the Company rectified a presentation error concerning short-term bank deposits with maturity periods beyond three months. As a result of this change, the following items have been adjusted:
 - Separate statement of financial position for 31 December 2016
 - Bank deposits (maturity beyond 3 months) – adjusted by 339 835 thousand PLN
 - Cash and cash equivalents – adjusted by (339 835) thousand PLN
 - Separate statement of cash flows for the period between 1 July and 30 September 2016
 - Opening bank deposits (maturity beyond 3 months) – adjusted by 471 435 thousand PLN
 - Closing bank deposits (maturity beyond 3 months) – adjusted by 162 300 thousand PLN
 - Cash and cash equivalents at beginning of period – adjusted by (162 300) thousand PLN
 - Cash and cash equivalents at end of period – adjusted by (471 435) thousand PLN
 - Separate statement of cash flows for the period between 1 January and 30 September 2016
 - Opening bank deposits (maturity beyond 3 months) – adjusted by 659 235 thousand PLN
 - Closing bank deposits (maturity beyond 3 months) – adjusted by 469 808 thousand PLN
 - Cash and cash equivalents at beginning of period – adjusted by (282 008) thousand PLN
 - Cash and cash equivalents at end of period – adjusted by (471 435) thousand PLN

These adjustments have no effect on the Company’s financial result or equity.

- In the separate statement of cash flows for the period between 1 July and 30 September 2016 and between 1 January and 30 September 2016 the presentation of videogame development expenses incurred prior to commencement of sales has been adjusted as follows:
 - Separate statement of cash flows for the period between 1 July and 30 September 2016
 - Depreciation of fixed assets and intangibles – adjusted by (87) thousand PLN
 - Other adjustments – adjusted by 87 thousand PLN
 - Separate statement of cash flows for the period between 1 January and 30 September 2016
 - Depreciation of fixed assets and intangibles – adjusted by (180) thousand PLN
 - Other adjustments – adjusted by 180 thousand PLN.
- In the separate statement of cash flows for the period between 1 July and 30 September 2016 and between 1 January and 30 September 2016 the presentation of liabilities associated with purchases of fixed assets and intangibles has been adjusted as follows:
 - Separate statement of cash flows for the period between 1 July and 30 September 2016
 - Purchases of intangibles and fixed assets – adjusted by 1 370 thousand PLN
 - Change in liabilities excluding credits and loans – adjusted by (1 370) thousand PLN
 - Separate statement of cash flows for the period between 1 January and 30 September 2016
 - Purchases of intangibles and fixed assets – adjusted by (235) thousand PLN
 - Changes in provisions except credits and loans – adjusted by (235) thousand PLN.

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

Changes in write-downs and provisions reported in the condensed interim separate financial statement of CD PROJEKT S.A. for the period between 1 July and 30 September 2017 are as follows:

- 402 thousand PLN – dissolution of write-downs due to collection of receivables,
- 18 thousand PLN – dissolution of write-downs due to writeoffs of unenforceable receivables,
- 431 thousand PLN – creation of other provisions,
- 306 thousand PLN – reduction in other provisions due to partial use,
- 5 732 thousand PLN – creation of provisions for compensation dependent on financial result,
- 294 thousand PLN – reduction in provisions for compensation dependent on financial result due to partial use.

A. Deferred income tax

Negative temporary differences requiring recognition of deferred tax assets

| | 31.12.2016* | increases | reductions | 30.09.2017 |
|---|---------------|---------------|---------------|---------------|
| Provisions for other employee benefits | 244 | 43 | 161 | 126 |
| Provisions for compensation dependent on financial result | 43 045 | 26 781 | 13 391 | 56 435 |
| Fixed assets written off | - | 743 | 743 | - |
| Negative exchange rate differences | 1 026 | 1 523 | 2 327 | 222 |
| Other provisions | 350 | 276 | 347 | 279 |
| Total negative temporary differences | 44 665 | 29 366 | 16 969 | 57 062 |
| Tax rate (Poland) | 19% | 19% | 19% | 19% |
| Total deferred tax assets | 8 486 | 5 580 | 3 224 | 10 842 |

* adjusted data

Positive temporary differences requiring creation of deferred tax provisions

| | 31.12.2016 | increases | reductions | 30.09.2017 |
|--|---------------|----------------|----------------|---------------|
| Difference between net carrying amount and net tax value of fixed assets and intangibles | 17 030 | 4 132 | - | 21 162 |
| Revaluation of currency contracts (cash flow hedge) at fair value | 53 | - | 53 | - |
| Revenues obtained in the current period but invoiced in future periods | 66 465 | 114 689 | 157 886 | 23 268 |
| Positive exchange rate differences | 1 002 | 275 | 1 165 | 112 |
| Valuation of shares in other entities | 169 | - | 169 | - |
| Other sources | 145 | 270 | 12 | 403 |
| Total positive temporary differences | 84 864 | 119 366 | 159 285 | 44 945 |
| Tax rate (Poland) | 19% | 19% | 19% | 19% |
| Total deferred tax provisions | 16 124 | 22 680 | 30 264 | 8 540 |

Balance of deferred tax assets/provisions

| | 30.09.2017 | 30.06.2017 | 31.12.2016 |
|---|--------------|----------------|----------------|
| Deferred tax assets | 10 842 | 10 079 | 8 486 |
| Deferred tax provisions | 8 540 | 15 952 | 16 124 |
| Net deferred tax assets (provisions) | 2 302 | (5 873) | (7 638) |

Income tax reported in profit and loss account

| | 01.07.2017 - 30.09.2017 | 01.01.2017 - 30.09.2017 | 01.07.2016 - 30.09.2016 | 01.01.2016 - 30.09.2016 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Current income tax | 16 518 | 43 875 | 10 114 | 40 910 |
| Change in deferred income tax | (8 175) | (9 940) | (974) | (981) |
| Income tax reported in profit and loss account | 8 343 | 33 935 | 9 140 | 39 929 |

B. Goodwill

Goodwill from business combinations

| | 30.09.2017 | 30.06.2017 | 31.12.2016 |
|---------------------------|---------------|---------------|---------------|
| CD Projekt Red sp. z o.o. | 39 147 | 39 147 | 39 147 |
| Total | 39 147 | 39 147 | 39 147 |

Changes in goodwill

No changes in goodwill occurred between 1 July and 30 September 2017.

C. Business combinations

The Company did not merge with any other entity during the reporting period.

D. Investments in subsidiaries

Investments in subsidiaries held at purchase price

| | 30.09.2017 | 30.06.2017 | 31.12.2016 |
|------------------------|------------|------------|------------|
| Shares in subsidiaries | 15 166 | 14 423 | 13 850 |

The reported increase in the value of shares in subsidiaries is mostly due to allocation of initial share capital of CD PROJEKT Co., Ltd., incorporated in Shanghai.

E. Dividends paid out and collected

The Company did not collect any dividends between 1 July and 30 September 2017.

On 23 May 2017 the Ordinary General Meeting of Shareholders of CD PROJEKT S.A. voted to allocate part of the Company's profit obtained in 2016 towards a dividend payable to Company shareholders. In line with the adopted resolution, on 13 June 2017 the Company paid out a dividend in the amount of 100 926 thousand PLN (1.05 PLN per share). The dividend applied to 96 120 000 shares of the Company.

F. Transactions with affiliates

| | Sales to affiliates | | | | Purchases from affiliates | | | |
|----------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 01.07.2017 – 30.09.2017 | 01.01.2017 – 30.09.2017 | 01.07.2016 – 30.09.2016 | 01.01.2016 – 30.09.2016 | 01.07.2017 – 30.09.2017 | 01.01.2017 – 30.09.2017 | 01.07.2016 – 30.09.2016 | 01.01.2016 – 30.09.2016 |
| SUBSIDIARIES | | | | | | | | |
| GOG Poland sp. z o.o. | 751 | 1 860 | 506 | 1 481 | 11 | 20 | 8 | 12 |
| GOG Ltd. | 5 675 | 29 276 | 2 669 | 17 567 | 45 | 146 | 50 | 306 |
| CD PROJEKT Brands S.A. | - | - | 30 | 84 | - | - | 871 | 2 613 |
| CD PROJEKT Inc. | 30 | 297 | 86 | 265 | 1 127 | 4 019 | 1 718 | 14 681 |
| CD Projekt Co., Ltd. | 24 | 24 | - | - | 394 | 1 060 | - | - |
| MANAGEMENT BOARD MEMBERS | | | | | | | | |
| Marcin Iwiński | 1 | 4 | 1 | 4 | - | - | - | - |
| Adam Kiciński | 1 | 2 | 1 | 2 | - | - | - | - |
| Piotr Nielubowicz | 1 | 4 | 1 | 4 | - | - | - | - |
| Michał Nowakowski | 2 | 7 | 2 | 7 | - | - | - | - |
| SUPERVISORY BOARD MEMBERS | | | | | | | | |
| Katarzyna Szwarc | - | - | - | - | - | 5 | - | - |

| | Receivables from affiliates | | | Liabilities due to affiliates | | |
|---------------------------------|-----------------------------|------------|------------|-------------------------------|------------|------------|
| | 30.09.2017 | 30.06.2017 | 31.12.2016 | 30.09.2017 | 30.06.2017 | 31.12.2016 |
| SUBSIDIARIES | | | | | | |
| GOG Poland sp. z o.o. | 3 782 | 5 558 | 3 093 | 1 829 | 4 638 | 2 061 |
| GOG Ltd. | 2 014 | 8 243 | 5 540 | 45 | 49 | 53 |
| CD PROJEKT Inc. | 582 | 1 629 | 1 004 | 449 | 361 | 1 637 |
| CD Projekt Co., Ltd. | 14 | - | - | 231 | - | - |
| MANAGEMENT BOARD MEMBERS | | | | | | |
| Marcin Iwiński | 3 | - | 1 | 1 | 2 | - |
| Adam Kiciński | - | - | - | 1 | - | 7 |
| Michał Nowakowski | 8 | - | - | 1 | 3 | 3 |
| Adam Badowski | - | - | 9 | - | - | - |

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 19 February 2009 regarding the publication of periodic and current reports by issuers of securities, 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 Capital Group and that they constitute a true, unbiased and clear description of the finances and assets of the Capital Group as well as its current profit and loss balance.

With regard to the entity charged with assessing the correctness of the condensed interim consolidated financial statement

On 23 May 2017 the Supervisory Board of the parent entity concurred with the recommendation submitted by the Management Board of the Company and selected Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp.k., headquartered in Warsaw, as the entity charged with assessing the correctness of the semiannual financial statement and performing an audit of the annual financial statement of the Company and its Capital Group for 2017. Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp.k. is present on the list of entities authorized to perform audits of financial statements, maintained by the National Chamber of Statutory Auditors (no. 130).

Approval of financial statement

This financial statement covering the period between 1 July and 30 September 2017 was signed and approved for publication by the Management Board of CD PROJEKT S.A. on 22 November 2017.

Warsaw, 22 November 2017

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

Oleg Klapovskiy
Board Member

Piotr Karwowski
Board Member

Rafał Zuchowicz
Accounting Officer



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