



CD PROJEKT®

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENT OF THE CD PROJEKT GROUP  
FOR THE PERIOD BETWEEN  
1 JULY AND 30 SEPTEMBER 2020**

## Disclaimer

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

**CD PROJEKT Group - selected financial highlights (converted into EUR)**

	PLN		EUR	
	01.01.2020 - 30.09.2020	01.01.2019 - 30.09.2019	01.01.2020 - 30.09.2020	01.01.2019 - 30.09.2019
Revenues from sales of products, services, goods and materials	468 528	307 958	105 477	71 475
Cost of products, services, goods and materials sold	144 184	104 504	32 459	24 255
Operating profit (loss)	184 301	76 697	41 491	17 801
Profit (loss) before tax	188 641	83 400	42 468	19 357
Net profit (loss) attributable to equity holders of parent entity	170 139	66 435	38 302	15 419
Net cash flows from operating activities	424 964	157 550	95 670	36 566
Net cash flows from investment activities	(182 932)	(30 876)	(41 183)	(7 166)
Net cash flows from financial activities	(90 666)	(106 086)	(20 411)	(24 622)
Total net cash flows	151 366	20 588	34 076	4 778
Stock volume (thousands)	96 120	96 120	96 120	96 120
Net earnings per share (PLN/EUR)	1.77	0.69	0.40	0.16
Diluted net earnings per share (PLN/EUR)	1.69	0.66	0.38	0.15
Book value per share (PLN/EUR)	11.25	10.35	2.49	2.37
Diluted book value per share (PLN/EUR)	10.76	9.85	2.38	2.25
Declared or paid out dividend per share (PLN/EUR)	-	1.05	-	0.24

	PLN		EUR	
	30.09.2020	31.12.2019*	30.09.2020	31.12.2019*
Total assets	1 604 116	1 404 108	354 360	329 719
Liabilities and provisions for liabilities (less accrued charges)	236 506	136 729	52 246	32 107
Long-term liabilities	22 569	25 239	4 986	5 927
Short-term liabilities	500 089	273 218	110 473	64 158
Equity	1 081 458	1 105 651	238 901	259 634
Share capital	96 120	96 120	21 234	22 571

\* adjusted

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

- Elements of the consolidated profit and loss account and consolidated statement of cash flows were converted into EUR by applying the arithmetic average of exchange rates for the final day of each month belonging to the reporting period, as published by the National Bank of Poland. The corresponding exchange rates were: 4.4420 PLN/EUR for the period between 1 January and 30 September 2020, and 4.3086 PLN/EUR for the period between 1 January and 30 September 2019 respectively.
- Assets and liabilities listed in the consolidated statement of financial position were converted into EUR by applying the exchange rate for the final day of the reporting period, as published by the National Bank of Poland. These exchange rates were: 4.5268 PLN/EUR on 30 September 2020 and 4.2585 PLN/EUR on 31 December 2019 respectively.

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**CD PROJEKT**

# **Primary financial data of the CD PROJEKT Group**

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# **1**

## Condensed interim consolidated profit and loss account

	Note	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019
<b>Sales revenues</b>		<b>104 518</b>	<b>468 528</b>	<b>92 871</b>	<b>307 958</b>
Revenues from sales of products	16	61 902	299 566	47 147	156 922
Revenues from sales of services	16	467	1 241	2 381	34 238
Revenues from sales of goods and materials	16	42 149	167 721	43 343	116 798
<b>Cost of products, services, goods and materials sold</b>		<b>36 428</b>	<b>144 184</b>	<b>37 880</b>	<b>104 504</b>
Cost of products and services sold	17	6 620	21 947	6 362	21 423
Cost of goods and materials sold	17	29 808	122 237	31 518	83 081
<b>Gross profit (loss) from sales</b>		<b>68 090</b>	<b>324 344</b>	<b>54 991</b>	<b>203 454</b>
Selling costs	17	31 198	103 347	27 334	82 538
General and administrative costs	17	8 597	34 447	11 698	46 047
Other operating revenues	18	1 909	5 925	4 421	6 312
Other operating expenses	18	1 689	8 101	3 558	4 488
(Impairment)/reversal of impairment of financial instruments		2	(73)	1	4
<b>Operating profit (loss)</b>		<b>28 517</b>	<b>184 301</b>	<b>16 823</b>	<b>76 697</b>
Financial revenues	19	3 323	12 853	2 483	7 415
Financial expenses	19	4 085	8 513	147	712
<b>Profit (loss) before tax</b>		<b>27 755</b>	<b>188 641</b>	<b>19 159</b>	<b>83 400</b>
Income tax	10	4 373	18 502	4 264	16 965
<b>Net profit (loss)</b>		<b>23 382</b>	<b>170 139</b>	<b>14 895</b>	<b>66 435</b>
Net profit/(loss) attributable to parent entity		23 382	170 139	14 895	66 435
<b>Net earnings per share (in PLN)</b>					
Basic for the reporting period		0.24	1.77	0.15	0.69
Diluted for the reporting period		0.23	1.69	0.15	0.66

The Group's total **Sales revenues** in Q3 2020 were 104 518 thousand PLN, which represents a 13% increase over the third quarter of the previous year (later referred to as "q/q"), coupled with a change in the structure of realized sales.

The largest contribution to the CD PROJEKT Group's revenues in the third quarter of 2020 was from **Revenues from sales of products** (31% q/q increase), mostly from:

- licensing royalties associated with ongoing strong sales of *The Witcher 3: Wild Hunt* together with its expansions – *Hearts of Stone* and *Blood and Wine*, sold separately as well as in the Game of the Year Edition bundle;
- royalties related to *The Witcher 3: Wild Hunt* for Nintendo Switch;
- royalties related to digital sales in the framework of *GWENT: The Witcher Card Game* and *Thronebreaker: The Witcher Tales*.

The aggregate increase in **Revenues from sales of products** during the third quarter, compared to the corresponding period in 2019, resulted mainly from:

- [CD PROJEKT RED and GOG.com] *GWENT: The Witcher Card Game* generated substantially higher revenues (608% q/q increase), mostly as a result of the game being released on iOS (October 2019) and Android devices (March 2020), and later made available on Steam (May 2020);
- [CD PROJEKT RED] revenues obtained in association with distribution of *The Witcher 3: Wild Hunt* for Nintendo Switch, released on 15 October 2019;
- [CD PROJEKT RED] increased royalties related to sales of products and gaming accessories, collected from external partners in association with the increasing popularity of the *Cyberpunk 2077* brand.

The **Cost of products and services sold** by the CD PROJEKT Group in the third quarter of 2020 (4% q/q increase) comprises mainly ongoing depreciation of development expenditures related to *GWENT: The Witcher Card Game* and *Thronebreaker: The Witcher Tales* and *The Witcher 3: Wild Hunt* for Nintendo Switch.

Another notable contribution to revenues came from **Revenues from sales of goods and materials** (3% q/q decrease), mostly comprising:

- a) revenues from digital distribution of videogames licensed from external suppliers directly to final customers on the GOG.com platform (23% q/q increase);
- b) revenues obtained by CD PROJEKT S.A. in relation to sales of physical components of the Studio's own releases (carrier media, boxes etc.) to distributors, including in particular components of box editions of *Cyberpunk 2077* as well as *The Witcher 3: Wild Hunt* for Nintendo Switch (73% q/q decrease – note that during the reference period the Company reported a high volume of sales of goods and materials associated with the October 2019 release of *The Witcher 3: Wild Hunt* for Nintendo Switch as well as distribution of physical components of the collector's edition of *Cyberpunk 2077*);
- c) revenues from sales of tie-in products and merchandise connected with CD PROJEKT RED videogames and brands, carried out through the online store at [www.store.cdprojektred.com](http://www.store.cdprojektred.com) (no substantial q/q changes).

The **Cost of goods and materials sold** (5% q/q decrease) corresponds mainly to costs incurred in association with sales of goods on the GOG.com platform (item (a) above), costs incurred in association with sales of physical components of videogames (item (b) above) and – to a lesser degree – costs related to sales of goods to final customers carried out via the online store at [www.store.cdprojektred.com](http://www.store.cdprojektred.com) (item (c) above).

Regarding operating costs, in Q3 2020 the largest contribution came from **Selling costs** (14% q/q increase) – in particular, expenses related to advertising and promotional activities in each of the Group's activity segments. The bulk of these fall within the CD PROJEKT RED segment and concern mostly the marketing campaigns accompanying *Cyberpunk 2077*, *GWENT: The Witcher Card Game* and *The Witcher 3: Wild Hunt*.

Another important category of Selling costs in Q3 2020 corresponds to maintenance, upkeep and further development of *GWENT: The Witcher Card Game* (including work on another edition of its Journey mode – *Ciri's Journey*, unveiled in August 2020). These costs are split between CD PROJEKT RED and GOG.com in line with their consortium agreement.

Selling costs in the GOG.com segments are also associated with marketing activities which focus on the GOG.com platform, as well as work on its further development and support of sales carried out by this digital distribution platform.

The presented category also includes costs related to the compensation (fixed and result-dependent) of the Group's internal publishing teams, along with other bought-in services which qualify as sales support.

The reported increase in the aggregate value of Selling costs compared to the third quarter of 2019 is mainly due to a ramp-up of promotional activities related to *Cyberpunk 2077*.

The main contributions to **General and administrative costs** (26% q/q decrease) in the third quarter of the year came from compensation and provisions for result-dependent compensation of the Group's administrative departments and management boards of companies belonging to the Group, as well as other bought-in services which qualify for this category. The main reason behind the reported decrease in general and administrative costs compared to Q3 2019 was that in the current period the Group no longer recognizes costs related to its past incentive program, covering the 2016-2019 period (note that the next such program was initiated after the balance sheet date). This effect was partly offset by the increase in cyclic expenditures which qualify for this category – mainly due to the expansion of the Group's workforce and scope of activities over the past 12 months.

Regarding **Other operating revenues and expenses**, in the reporting period the Group primarily recognizes revenues obtained by CD PROJEKT RED from leasing office space (along with their corresponding upkeep costs) in the commercial property complex at Jagiellońska 74 in Warsaw, purchased in the fourth quarter of 2019. The remaining revenues and expenses recognized in this category represent transactions invoiced by Group member companies to their external collaborators – the volume of such transactions decreased compared to the reporting period, resulting in a lower balance of other operating revenues and expenses compared to the reference quarter in 2019.

**Financial revenues** represent mainly interest on bank deposits whose maturity terms fell within the third quarter of 2020, as well as the valuation of financial instruments (carried out on 30 September 2020) which hedge exchange rate risks related to foreign currency bonds held by CD PROJEKT S.A. The net effect of the valuation of such financial hedges was the main reason behind the reported y/y increase in financial revenues, even though revenues from interest on bank deposits decreased over the same period. **Financial expenses** include surplus negative exchange rate differences, which resulted in a net negative balance of financial activities. This increase in negative exchange rate differences was primarily caused by estimation of foreign treasury bonds denominated in foreign currencies (and corresponds to a positive estimation of exchange rate hedges, aggregated with financial revenues), along with other surplus exchange rate differences associated with the Group's ongoing operations.

The Group's consolidated **Net profit** for the third quarter of 2020 was 23 382 thousand PLN, which represents a 57% increase compared to the reference period in 2019 (14 895 thousand PLN). This y/y improvement was mainly due to higher revenues and pre-tax profit from sales carried out in the context of *GWENT: The Witcher Card Game* (owing to the game being released on mobile devices and on Steam) as well as higher pre-tax profit from GOG.com sales as a result of an increased volume of sales carried out on that platform.

## Condensed interim consolidated statement of comprehensive income

	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019
<b>Net profit/(loss)</b>	<b>23 382</b>	<b>170 139</b>	<b>14 895</b>	<b>66 435</b>
<b>Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria</b>	<b>9</b>	<b>390</b>	<b>65</b>	<b>51</b>
Exchange rate differences from valuation of foreign entities	(217)	72	65	51
Estimation of financial instruments at fair value through other comprehensive income, adjusted for tax effects	226	318	-	-
<b>Other comprehensive income which will not be entered as profit (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>23 391</b>	<b>170 529</b>	<b>14 960</b>	<b>66 486</b>
Total comprehensive income attributable to minority interests	-	-	-	-
<b>Total comprehensive income attributable to equity holders of CD PROJEKT S.A.</b>	<b>23 391</b>	<b>170 529</b>	<b>14 960</b>	<b>66 486</b>

## Condensed interim consolidated statement of financial position

	Note	30.09.2020	30.06.2020	31.12.2019*
<b>FIXED ASSETS</b>		<b>867 584</b>	<b>825 268</b>	<b>679 389</b>
Property, plant and equipment	2	106 171	105 954	105 267
Intangibles	3	61 591	62 237	59 763
Expenditures on development projects	3	522 745	483 143	385 848
Investment properties	5	47 571	47 616	44 960
Goodwill	3,4	56 438	56 438	56 438
Shares in affiliates excluded from consolidation	15	8 168	8 168	8 025
Deferrals	9	11 459	9 944	18 730
Other financial assets	8,15	51 522	51 456	-
Deferred income tax assets	10	1 613	-	-
Other receivables	7,15	306	312	358
<b>WORKING ASSETS</b>		<b>736 532</b>	<b>771 835</b>	<b>724 719</b>
Inventories	6	15 906	16 163	12 862
Trade receivables	7,15	49 205	68 412	129 573
Current income tax receivables		75	14 006	20 349
Other receivables	7	60 195	52 172	60 078
Deferrals	9	24 714	28 228	19 556
Other financial assets	8,15	85 619	113 668	-
Cash and cash equivalents	15	200 772	164 640	49 406
Bank deposits (maturity beyond 3 months)	15	300 046	314 546	432 895
<b>TOTAL ASSETS</b>		<b>1 604 116</b>	<b>1 597 103</b>	<b>1 404 108</b>

\* adjusted

In the third quarter of 2020 the most significant contribution to the Group's **Fixed assets** came from the reported increase in **Expenditures on development projects**, where expenses related to development of new videogames and technologies are accumulated and later depreciated. The increase in this line item over the reporting period is mainly due to ongoing work on *Cyberpunk 2077*, which has now entered its most intensive pre-release development phase.

Regarding **Working assets**, the key reason behind the reported decrease in the aggregate balance compared to the end of Q2 2020 relates to **Trade receivables**, which decreased by 28% throughout the reporting period, mainly due to collection of royalties in the CD PROJEKT RED segment in Q3 2020. The significant balance of outstanding royalties at the end of June 2020 was due to high sales revenues reported by the Group in the first half of the year.

A notable decrease was also observed in **Current income tax receivables**, with CD PROJEKT S.A. having received reimbursement of its CIT overpayments in the fiscal year 2019. At the end of the first half of 2020 the Company reported a positive balance of current income tax receivables due to the surplus of CIT advances remitted in past reporting periods over the actual corporate income tax payable by the Company and included in its annual financial statement for 2019.

The Group's **Other receivables** increased as of the end of September 2020 compared to the corresponding H1 2020 figure. This was primarily due to an increase in the aggregate value of advances paid by CD PROJEKT S.A. for future supplies of goods and services, mainly in relation to the planned production and promotional activities in the framework of the *Cyberpunk 2077* franchise.

The aggregate value and reported decrease in the balance of **Deferrals** was mostly affected by changes in the balance of the so-called minimum guarantees, i.e. advances and prepayments remitted by GOG sp. z o.o. to external suppliers in relation to the anticipated distribution royalties for third-party videogames sold on the GOG.com platform. This line item also aggregates prepayments associated with marketing activities as well as license fees which CD PROJEKT S.A. settles over time, and which partly offset the aforementioned effect throughout the reporting period.

Regarding **Other financial assets**, short-term assets consist mainly of treasury bonds (estimated at fair value through other comprehensive income) which CD PROJEKT S.A. purchased in 2020 as part of its plan to diversify the credit risk affecting financial assets. The balance reported at the end of September 2020 decreased in comparison with the H1 2020 figure due to maturation of some previously purchased foreign bonds occurring in the reporting period.

The total value of **Cash and cash equivalents** and **Bank deposits (maturity beyond 3 months)** increased throughout the reporting period by 21 632 thousand PLN, reaching 500 818 thousand PLN at the end of September. Factoring in other liquid financial assets in the form of treasury bonds along with the corresponding derivative hedges (split between short-term and long-term other financial assets), the Group held 634 944 thousand PLN in financial reserves at the end of the third quarter of 2020.

	Note	30.09.2020	30.06.2020	31.12.2019*
<b>EQUITY</b>		<b>1 081 458</b>	<b>1 260 719</b>	<b>1 105 651</b>
<b>Equity attributable to shareholders of the parent entity</b>		<b>1 081 458</b>	<b>1 260 719</b>	<b>1 105 651</b>
Share capital	21	96 120	96 120	96 120
Supplementary capital		724 736	784 110	780 951
Other reserve capital		92 452	62 678	54 657
Exchange rate differences		970	1 188	898
Retained earnings		(2 959)	169 866	(2 290)
Net profit (loss) for the reporting period		170 139	146 757	175 315
<b>Minority interest equity</b>		-	-	-
<b>LONG-TERM LIABILITIES</b>		<b>22 569</b>	<b>23 702</b>	<b>25 239</b>
Other financial liabilities	15	16 607	17 209	17 751
Other liabilities	13	3 233	3 293	3 421
Deferred income tax liabilities	10	-	518	2 935
Deferred revenues	14	1 682	1 682	364
Provisions for employee benefits and similar liabilities	11	255	255	255
Other provisions	12	792	745	513
<b>SHORT-TERM LIABILITIES</b>		<b>500 089</b>	<b>312 682</b>	<b>273 218</b>
Other financial liabilities	15	2 911	2 356	2 154
Trade liabilities	15	46 774	54 702	59 866
Current income tax liabilities		8 887	1 022	118
Other liabilities	13	122 308	17 724	11 041
Deferred revenues	14	284 470	206 785	161 364
Provisions for employee benefits and similar liabilities	11	2	2	2
Other provisions	12	34 737	30 091	38 673
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 604 116</b>	<b>1 597 103</b>	<b>1 404 108</b>

\* adjusted

The Group's **Equity** at the end of the third quarter of 2020 was 1 081 458 thousand PLN, which is 179 261 thousand PLN less than at the end of the first half of the year. The reason behind the reported decrease in total equity were the transactions related to partial settlement of entitlements granted under the CD PROJEKT Group incentive program in force between 2016 and 2019. Once the program vested, CD PROJEKT S.A. bought back 516 700 of its own shares on the open market in order to resell these shares to entitled parties involved in the program. This buy-back of own shares, along with the corresponding brokerage fees, cost the Company 214 259 thousand PLN. In parallel, over the third quarter of the year the Group's equity was bolstered by 23 382 thousand PLN representing the net profit for the reporting period.

The increase in **Short-term liabilities** compared to the H1 2020 figure was mainly driven by **Other liabilities**, which aggregate settlements related to collection by CD PROJEKT S.A. of payments totaling 114 518 thousand PLN for Company shares purchased in the exercise of entitlements granted under the aforementioned incentive program, along with cyclic liabilities related to taxation (VAT, PIT) and social security fees.

Another important contribution to the Group's liabilities came from **Deferred revenues**, which increased by 77 685 thousand PLN in the third quarter of 2020. This line item comprises mainly the following:

- CD PROJEKT RED – royalties (paid or payable) related to preorders in the scope of digital distribution of PC games scheduled for release in future reporting periods,
- CD PROJEKT RED – the so-called minimum guarantees, i.e. advances on licensing royalties collected from publishers and distribution partners in anticipation of revenues from projects scheduled for release in future reporting periods,
- GOG.com – value of preorders of videogames scheduled for release in future reporting periods,
- CD PROJEKT RED and GOG.com – deferred revenues related to subsidies,
- GOG.com – deferred revenues involving Company clients (including store credit and virtual wallet contributions).

The reported increase in **Deferred revenues** over the third quarter of 2020 is mainly due to collection of payments representing licensing royalties, minimum guarantees and preorders of *Cyberpunk 2077*.



Throughout the reporting period a decrease was observed in the Group's aggregate **Trade liabilities** which primarily comprise licensing royalties payable by GOG.com in relation to sales realized in the third quarter of 2020, along with current trade liabilities in the CD PROJEKT RED segment.

**Other provisions** mainly consist of provisions for compensation dependent on the Group's financial result and for other liabilities in both of its activity segments.

## Condensed interim statement of changes in consolidated equity

	Share capital	Supplementary capital	Own shares	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Parent entity shareholders' equity	Total equity
<b>01.01.2020 – 30.09.2020</b>									
<b>Equity as of 01.01.2020</b>	<b>96 120</b>	<b>780 951</b>	<b>-</b>	<b>54 657</b>	<b>898</b>	<b>173 025</b>	<b>-</b>	<b>1 105 651</b>	<b>1 105 651</b>
Cost of incentive program	-	-	-	7 930	-	-	-	7 930	7 930
Dissolution of reserve capital created in past years and earmarked for purchase of own shares	-	549	-	(549)	-	-	-	-	-
Creation of reserve capital for purchase of own shares	-	(250 000)	-	250 000	-	-	-	-	-
Purchase of own shares in the framework of implementing the incentive program	-	214 259	(214 259)	(214 259)	-	-	-	(214 259)	(214 259)
Payment in own shares	-	(197 007)	214 259	(5 645)	-	-	-	11 607	11 607
Allocation of net profit/coverage of losses	-	175 984	-	-	-	(175 984)	-	-	-
Total comprehensive income	-	-	-	318	72	-	170 139	170 529	170 529
<b>Equity as of 30.09.2020</b>	<b>96 120</b>	<b>724 736</b>	<b>-</b>	<b>92 452</b>	<b>970</b>	<b>(2 959)</b>	<b>170 139</b>	<b>1 081 458</b>	<b>1 081 458</b>



	Share capital	Supplementary capital	Own shares	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Parent entity shareholders' equity	Total equity
<b>01.01.2019 – 30.09.2019</b>									
<b>Equity as of 01.01.2019</b>	<b>96 120</b>	<b>739 724</b>	-	<b>26 145</b>	<b>1 012</b>	<b>139 863</b>	-	<b>1 002 864</b>	<b>1 002 864</b>
Cost of incentive program	-	-	-	26 219	-	-	-	26 219	26 219
Allocation of net profit/ coverage of losses	-	41 227	-	-	-	(41 227)	-	-	-
Dividend payments	-	-	-	-	-	(100 926)	-	(100 926)	(100 926)
Total comprehensive income	-	-	-	-	51	-	66 435	66 486	66 486
<b>Equity as of 30.09.2019</b>	<b>96 120</b>	<b>780 951</b>	-	<b>52 364</b>	<b>1 063</b>	<b>(2 290)</b>	<b>66 435</b>	<b>994 643</b>	<b>994 643</b>

## Condensed interim consolidated statement of cash flows

	Note	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019
<b>OPERATING ACTIVITIES</b>					
<b>Net profit (loss)</b>		<b>23 382</b>	<b>170 139</b>	<b>14 895</b>	<b>66 435</b>
<b>Total adjustments:</b>	<b>29</b>	<b>92 472</b>	<b>226 731</b>	<b>98 067</b>	<b>94 365</b>
Depreciation of PP&E, intangibles, expenditures on development projects and investment properties		2 142	6 080	2 192	6 156
Depreciation of expenditures on development projects recognized as cost of products and services sold		6 568	20 732	5 892	19 083
Profit (loss) from exchange rate differences		1 411	2 542	-	-
Interest and profit sharing		(1 297)	(5 345)	(2 078)	(6 947)
Profit (loss) from investment activities		(991)	(4 690)	(415)	(1 236)
Change in provisions		3 281	(3 131)	3 699	(6 412)
Change in inventories		257	(3 044)	(9 835)	(10 664)
Change in receivables		18 552	93 829	45 399	(26 829)
Change in liabilities excluding credits and loans		(17 127)	(15 551)	(768)	(6 377)
Change in other assets and liabilities		79 626	126 340	48 861	101 421
Other adjustments		50	8 969	5 120	26 170
<b>Cash flows from operating activities</b>		<b>115 854</b>	<b>396 870</b>	<b>112 962</b>	<b>160 800</b>
Income tax on pre-tax profit (loss)		728	14 830	4 264	16 965
Withholding tax paid abroad		3 645	3 672	-	-
Income tax (paid)/reimbursed		18 884	9 592	(5 117)	(20 215)
<b>Net cash flows from operating activities</b>		<b>139 111</b>	<b>424 964</b>	<b>112 109</b>	<b>157 550</b>

**INVESTMENT ACTIVITIES**

<b>Inflows</b>	<b>362 292</b>	<b>629 277</b>	<b>202 281</b>	<b>701 026</b>
Reimbursement of advance payment for investment properties and perpetual usufruct of land	-	-	-	1 667
Sales of intangibles and PP&E	2	18	6	136
Closing bank deposits (maturity beyond 3 months)	314 546	577 228	200 061	691 804
Maturation of bonds	45 135	45 135	-	-
Interest on bonds	-	33	-	-
Inflows from forward contracts	1 194	1 194	-	-
Other inflows from investment activities	1 415	5 669	2 214	7 419
<b>Outflows</b>	<b>376 278</b>	<b>812 209</b>	<b>256 918</b>	<b>731 902</b>
Purchases of intangibles and PP&E	2 974	15 244	4 671	10 494
Expenditures on development projects	52 374	166 648	43 462	103 232
Purchase of investment properties and activation of future costs	2 623	6 716	147	9 201
Capital contributions to subsidiary	-	-	1 200	3 500
Loans granted	1 000	3 000	-	-
Purchase of bonds and the associated purchasing costs	17 261	176 214	-	-
Opening bank deposits (maturity beyond 3 months)	300 046	444 379	207 438	605 475
Other outflows from investment activities	-	8	-	-
<b>Net cash flows from investment activities</b>	<b>(13 986)</b>	<b>(182 932)</b>	<b>(54 637)</b>	<b>(30 876)</b>

**FINANCIAL ACTIVITIES**

<b>Inflows</b>	<b>126 124</b>	<b>126 124</b>	<b>8</b>	<b>21</b>
Net inflows from sale of own shares and issue of stock in the exercise of options granted under the incentive program	126 124	126 124	-	-
Collection of receivables arising from financial lease agreements	-	-	7	19
Interest collected	-	-	1	2
<b>Outflows</b>	<b>215 117</b>	<b>216 790</b>	<b>1 738</b>	<b>106 107</b>
Purchase of own shares in order to enable exercise of options granted under the incentive program	214 259	214 259	-	-
Dividends and other payments due to equity holders	-	-	-	100 926
Payment of liabilities arising from lease agreements	757	2 225	1 602	4 715
Interest payments	101	306	136	466
<b>Net cash flows from financial activities</b>	<b>(88 993)</b>	<b>(90 666)</b>	<b>(1 730)</b>	<b>(106 086)</b>
<b>Total net cash flows</b>	<b>36 132</b>	<b>151 366</b>	<b>55 742</b>	<b>20 588</b>
<b>Change in cash and cash equivalents on balance sheet</b>	<b>36 132</b>	<b>151 366</b>	<b>55 742</b>	<b>20 588</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>164 640</b>	<b>49 406</b>	<b>69 224</b>	<b>104 378</b>
<b>Cash and cash equivalents at end of period</b>	<b>200 772</b>	<b>200 772</b>	<b>124 966</b>	<b>124 966</b>

In the third quarter of 2020 the Group's net earnings of 23 382 thousand PLN were accompanied by a positive balance of **Cash flows from operating activities** at 139 111 thousand PLN. The most significant contributions to the difference between these figures (i.e. to adjustments performed in the calculation of cash flows) came from:

- Change in other assets and liabilities** – mainly increases in deferred revenues resulting from the ongoing and highly successful preorder campaign of Cyberpunk 2077 (initiated in June 2019), along with payments collected from the game's distributors in relation to the so-called minimum guarantees,
- Income tax reimbursed** – CD PROJEKT S.A. collected reimbursement of CIT overpayments for the fiscal year 2019,
- Change in short-term liabilities** – mostly reductions in the balance of fiscal settlements related to settlement of tax liabilities (CIT, VAT, PIT) covering past reporting periods, along with a decrease in trade liabilities,



- d) **Depreciation of expenditures on development projects recognized as cost of products and services sold** – mainly depreciation of development expenses incurred in the framework of *GWENT: The Witcher Card Game* and *Thronebreaker: The Witcher Tales*, as well as *The Witcher 3: Wild Hunt* Complete Edition for Nintendo Switch.

The largest contribution to **Net cash flows from investment activities** in the third quarter of the year was from ongoing **Expenditures on development projects**. Their aggregate value of 52 374 thousand PLN comprises mainly development expenses related to *Cyberpunk 2077*, other projects underway at CD PROJEKT RED as well as development work occurring in the GOG.com segment. Furthermore, the Group's cash flows from investment activities in Q3 2020 include positive cash flows related to the reported reduction (by 14 500 thousand PLN) in the balance of **Bank deposits (maturity beyond 3 months)** along with the reported reduction (by 27 874 thousand PLN) in the balance of **Treasury bonds** associated with maturation of some of these bonds in the reporting period.

Regarding financial operations carried out in the third quarter of 2020, the most important reason behind the reported negative **Net cash flows from financial activities** was the buy-back of own shares (for a total of 214 259 thousand PLN) carried out by CD PROJEKT S.A. to facilitate partial exercise of entitlements assigned under the Group's incentive program which vested in 2020. In the reporting period the Company also collected payments related to resale of said shares to entitled parties as part of the aforementioned incentive program, along with payments for new shares issued in the exercise of rights incorporated by subscription warrants (for a total of 126 124 thousand PLN).



CD PROJEKT

# Clarifications regarding the condensed interim consolidated financial statement

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# 2

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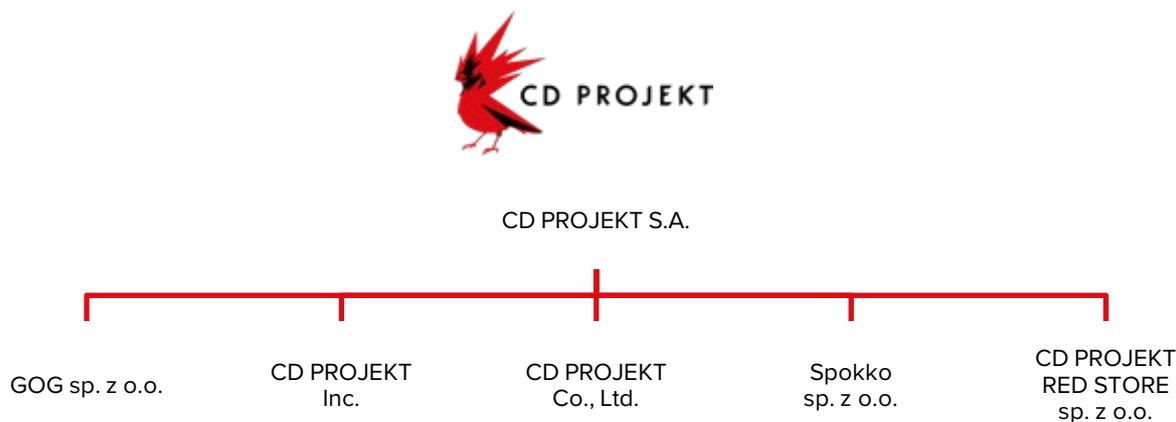
## General information

Name:	CD PROJEKT S.A.
Legal status:	Joint-stock company
Headquarters:	Jagiellońska 74, 03-301 Warsaw
Country of registration:	Poland
Principal scope of activity:	CD PROJEKT S.A. is the holding company of the CD PROJEKT Group which conducts its operations in two activity segments: CD PROJEKT RED and 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
Waste disposal database (BDO) number:	000141053
The Group is established for an indefinite duration.	

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## Structure of the Group

### Affiliates



## Consolidation principles

### Entities subjected to consolidation

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

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

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

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

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

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

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

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

### Subsidiaries

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

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

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

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

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## Basis for the preparation of the condensed interim consolidated financial statement

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

The condensed interim consolidated financial statement does not contain all the information and disclosures which would otherwise be required in an annual financial statement. Accordingly, this statement should be read in conjunction with the Consolidated Financial Statement of the CD PROJEKT Group for the year ending 31 December 2019, approved for publication on 8 April 2020.

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## 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 consolidated financial statement covering the period between 1 July and 30 September 2020 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.

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## Compliance with International Financial Reporting Standards

This condensed interim consolidated financial statement conforms to International Accounting Standard (IAS) 34, *Interim Financial Reporting*, as well as to International Financial Reporting Standards (IFRS) applicable to interim financial reporting, endorsed by the International Accounting Standard Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and approved by the EU under the relevant Regulation on the Application of International Accounting Standards (European Council 1606/2002), hereinafter referred to as UE IFRS, valid for 30 September 2020.

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, 2019, item. 351 as amended) and to any secondary legislation based on said Act, as well as to the directive of the Finance Minister of 29 March 2018 regarding the publication of periodic and current reports by issuers of securities and conditions for regarding as equivalent the information required under the laws of a non-member state (Journal of Laws of the Republic of Poland, 2018, item 757).

The Group intends to apply amendments to IFRS which have been published but have not yet entered into force on the publication date of this condensed interim consolidated financial statement, depending on their date of entry into force. Information regarding standards and interpretations applied for the first time, early application of new standards, standards which have entered into force on or after 1 January 2020 and the effect of changes in IFRS upon the Group's future financial statements is provided in Section 2 of the Group's Consolidated Financial Statement for 2019.

## 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, amendments and interpretations which have not yet been approved for use in the EU:

- **IFRS 14** *Regulatory deferral accounts* - applicable to annual reporting periods beginning on or after 1 January 2016. The European Commission has decided to withhold approval of this temporary standard for use in the UE until the final version of the standard is published,
- Amendments to **IFRS 4** *Insurance contracts: extension of the temporary exemption from applying IFRS 9* - applicable to reporting periods beginning on or after 1 January 2021,
- Amendments to **MSSF 9** *Financial instruments*, **IAS 39** *Financial instruments: recognition and measurement*, **IFRS 7** *Financial instruments: disclosures*, **IFRS 4** *Insurance contracts* and **IFRS 16** *Leases: IBOR reform phase 2* - applicable to reporting periods beginning on or after 1 January 2021,
- Amendments to **IFRS 3** *Business combinations*, **IAS 16** *Property, plant and equipment*, **IAS 37** *Provisions, contingent liabilities and contingent assets*, **Amendments to IFRS (2018-2020)** *introduced in the annual IFRS improvements cycle* - applicable to reporting periods beginning on or after 1 January 2022,
- Amendments to **IAS 1** *Presentation of financial statements: classification of liabilities as current or non-current* - applicable to reporting periods beginning on or after 1 June 2022 (with the option to defer application until 1 January 2023),
- **IFRS 17** *Insurance Contracts* - applicable to reporting periods beginning on or after 1 January 2023.

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

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## 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 by applying 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.

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## Assumption of comparability of financial statements and changes in accounting policies

The accounting practices applied in preparing this condensed interim consolidated financial statement, the Management Board's professional judgment concerning the Group's accounting practices as well as the main sources of uncertainty in estimations are in all material aspects consistent with the practices applied in preparing the Consolidated Financial Statement of the CD PROJEKT Group for 2019, except for changes in accounting policies and presentation-related adjustments described below. This condensed interim consolidated financial statement should be read in conjunction with the consolidated financial statement for the period ending 31 December 2019.

## Changes in accounting policies

### ▪ Amendments to IFRS 3 - Definition of a business - applicable to reporting periods beginning on or after 1 January 2020

These amendments introduce a new definition of a business. In order to be considered a business, an acquired set of activities and assets must include, at a minimum, an input (contribution) and a substantive process that together significantly contribute to the ability to create outputs (products). Additionally, the amendments add guidance and illustrative examples to help entities assess whether a substantive process has been acquired, and also narrow down the definitions of outputs. These amendments have no significant impact on the Group's accounting practices as relates to the Group's activities or its financial result.

### ▪ Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform - applicable to reporting periods beginning on or after 1 January 2020

These amendments are associated with the IBOR reform and provide temporary, narrowly defined reliefs related to hedge accounting, which will enable enterprises to remain compliant under the assumption that existing reference interest rates will not change as a result of the inter-bank offered rate reform. These amendments have no significant impact on the Group's accounting practices as relates to the Group's activities or its financial result.

### ▪ Amendments to IAS 1 and IAS 8 - Definition of "Materiality" - applicable to reporting periods beginning on or after 1 January 2020

These amendments concern the definition of "materiality" of information which is understood to apply if omitting, misstating or obscuring such information could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. These amendments have no significant impact on the Group's accounting practices as relates to the Group's activities or its financial result.

### ▪ Amendments to References to the Conceptual Framework in IFRS standards - applicable to reporting periods beginning on or after 1 January 2020

These amendments involve replacing references to the previous conceptual framework in various standards and interpretations with references to the amended conceptual framework published in 2018. These amendments have no significant impact on the Group's accounting practices as relates to the Group's activities or its financial result.

### ▪ Amendments to IFRS 16 – Leases: Covid-19-related Rent Concessions – applicable to reporting periods beginning on or after 1 June 2020

These amendments concern concessions related to rent payments extended to lessees in light of the Covid-19 pandemic, and the question of whether such concessions should be regarded as amendments to the corresponding lease agreements. These amendments have no significant impact on the Group's accounting practices as relates to the Group's activities or its financial result.

## Presentation adjustments

This condensed interim consolidated financial statement for the period between 1 July and 30 September 2020 incorporates certain adjustments in the presentation of financial data. In order to ensure comparability of financial data in the reporting period, the following adjustments were introduced in the presentation of reference data for 31 December 2019:

- In the statement of financial position for 31 December 2019 the presentation of fees paid was adjusted as follows:
  - Other long-term receivables – adjusted by 292 thousand PLN,
  - Other short-term receivables – adjusted by (292) thousand PLN.

This adjustment does not affect the Group's financial result or equity.

- In the statement of financial position for 31 December 2019 the presentation of fees received was adjusted as follows:
  - Other long-term liabilities – adjusted by 81 thousand PLN
  - Other short-term liabilities – adjusted by (81) thousand PLN

This adjustment does not affect the Group's financial result or equity.



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## Financial audit

This condensed interim consolidated financial statement with selected elements of the condensed interim separate financial statement was not subjected to an audit or review by an independent auditor.



**CD PROJEKT**

**Supplementary information –  
CD PROJEKT Group activity segments**

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## Activity segments

### Presentation of results by activity segment

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

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

No changes in the differentiation of activity segments occurred during the reporting period as compared to 31 December 2019.

Data relating to sales of merchandise associated with CD PROJEKT RED videogames and brands, carried out by the online store at [www.store.cdprojektred.com](http://www.store.cdprojektred.com), is presented in the CD PROJEKT RED segment.

## Disclosure of activity segments

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.com		
<b>01.07.2020 – 30.09.2020</b>				
<b>Sales revenues</b>	<b>65 276</b>	<b>40 500</b>	<b>(1 258)</b>	<b>104 518</b>
sales to external clients	64 082	40 435	-	104 517
sales between segments	1 194	65	(1 258)	1
<b>Segment net profit (loss)</b>	<b>23 243</b>	<b>130</b>	<b>9</b>	<b>23 382</b>

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.com		
<b>01.01.2020 – 30.09.2020</b>				
<b>Sales revenues</b>	<b>325 644</b>	<b>150 294</b>	<b>(7 410)</b>	<b>468 528</b>
sales to external clients	318 299	150 229	-	468 528
sales between segments	7 345	65	(7 410)	-
<b>Segment net profit (loss)</b>	<b>164 407</b>	<b>5 703</b>	<b>29</b>	<b>170 139</b>

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.com		
<b>01.07.2019 – 30.09.2019</b>				
<b>Sales revenues</b>	<b>63 239</b>	<b>31 542</b>	<b>(1 910)</b>	<b>92 871</b>
sales to external clients	61 329	31 542	-	92 871
sales between segments	1 910	-	(1 910)	-
<b>Segment net profit (loss)</b>	<b>16 812</b>	<b>(1 905)</b>	<b>(12)</b>	<b>14 895</b>

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.com		
<b>01.01.2019 – 30.09.2019</b>				
<b>Sales revenues</b>	<b>202 644</b>	<b>112 651</b>	<b>(7 337)</b>	<b>307 958</b>
sales to external clients	195 307	112 651	-	307 958
sales between segments	7 337	-	(7 337)	-
<b>Segment net profit (loss)</b>	<b>67 709</b>	<b>(1 262)</b>	<b>(12)</b>	<b>66 435</b>

## Segmented consolidated profit and loss account for the period between 01.07.2020 and 30.09.2020

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
<b>Sales revenues</b>	<b>65 276</b>	<b>40 500</b>	<b>(1 258)</b>	<b>104 518</b>
Revenues from sales of products	58 873	2 781	248	61 902
Revenues from sales of services	992	65	(590)	467
Revenues from sales of goods and materials	5 411	37 654	(916)	42 149
<b>Cost of products, services, goods and materials sold</b>	<b>9 391</b>	<b>28 132</b>	<b>(1 095)</b>	<b>36 428</b>
Cost of products and services sold	5 471	1 576	(427)	6 620
Cost of goods and materials sold	3 920	26 556	(668)	29 808
<b>Gross profit (loss) from sales</b>	<b>55 885</b>	<b>12 368</b>	<b>(163)</b>	<b>68 090</b>
Selling costs	20 812	10 567	(181)	31 198
General and administrative costs	7 055	1 542	-	8 597
Other operating revenues	2 031	245	(367)	1 909
Other operating expenses	1 895	129	(335)	1 689
(Impairment)/reversal of impairment of financial instruments	2	-	-	2
<b>Operating profit (loss)</b>	<b>28 156</b>	<b>375</b>	<b>(14)</b>	<b>28 517</b>
Financial revenues	3 016	307	-	3 323
Financial expenses	3 560	550	(25)	4 085
<b>Profit (loss) before taxation</b>	<b>27 612</b>	<b>132</b>	<b>11</b>	<b>27 755</b>
Income tax	4 369	2	2	4 373
<b>Net profit (loss)</b>	<b>23 243</b>	<b>130</b>	<b>9</b>	<b>23 382</b>
<b>Net profit (loss) attributable to equity holders of parent entity</b>	<b>23 243</b>	<b>130</b>	<b>9</b>	<b>23 382</b>

## Segmented consolidated profit and loss account for the period between 01.01.2020 and 30.09.2020

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
<b>Sales revenues</b>	<b>325 644</b>	<b>150 294</b>	<b>(7 410)</b>	<b>468 528</b>
Revenues from sales of products	286 971	10 426	2 169	299 566
Revenues from sales of services	3 497	65	(2 321)	1 241
Revenues from sales of goods and materials	35 176	139 803	(7 258)	167 721
<b>Cost of products, services, goods and materials sold</b>	<b>47 077</b>	<b>103 727</b>	<b>(6 620)</b>	<b>144 184</b>
Cost of products and services sold	18 935	4 544	(1 532)	21 947
Cost of goods and materials sold	28 142	99 183	(5 088)	122 237
<b>Gross profit (loss) from sales</b>	<b>278 567</b>	<b>46 567</b>	<b>(790)</b>	<b>324 344</b>
Selling costs	69 727	34 385	(765)	103 347
General and administrative costs	29 974	4 571	(98)	34 447
Other operating revenues	6 463	544	(1 082)	5 925
Other operating expenses	8 686	383	(968)	8 101
(Impairment)/reversal of impairment of financial instruments	(73)	-	-	(73)
<b>Operating profit (loss)</b>	<b>176 570</b>	<b>7 772</b>	<b>(41)</b>	<b>184 301</b>
Financial revenues	12 404	449	-	12 853
Financial expenses	7 469	1 122	(78)	8 513
<b>Profit (loss) before taxation</b>	<b>181 505</b>	<b>7 099</b>	<b>37</b>	<b>188 641</b>
Income tax	17 098	1 396	8	18 502
<b>Net profit (loss)</b>	<b>164 407</b>	<b>5 703</b>	<b>29</b>	<b>170 139</b>
<b>Net profit (loss) attributable to equity holders of parent entity</b>	<b>164 407</b>	<b>5 703</b>	<b>29</b>	<b>170 139</b>

## Segmented consolidated profit and loss account for the period between 01.07.2019 and 30.09.2019

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
<b>Sales revenues</b>	<b>63 239</b>	<b>31 542</b>	<b>(1 910)</b>	<b>92 871</b>
Revenues from sales of products	45 731	958	458	47 147
Revenues from sales of services	3 258	4	(881)	2 381
Revenues from sales of goods and materials	14 250	30 580	(1 487)	43 343
<b>Cost of products, services, goods and materials sold</b>	<b>16 879</b>	<b>22 636</b>	<b>(1 635)</b>	<b>37 880</b>
Cost of products and services sold	5 520	1 447	(605)	6 362
Cost of goods and materials sold	11 359	21 189	(1 030)	31 518
<b>Gross profit (loss) from sales</b>	<b>46 360</b>	<b>8 906</b>	<b>(275)</b>	<b>54 991</b>
Selling costs	18 199	9 387	(252)	27 334
General and administrative costs	10 018	1 722	(42)	11 698
Other operating revenues	4 348	554	(481)	4 421
Other operating expenses	3 923	85	(450)	3 558
(Impairment)/reversal of impairment of financial instruments	1	-	-	1
<b>Operating profit (loss)</b>	<b>18 569</b>	<b>(1 734)</b>	<b>(12)</b>	<b>16 823</b>
Financial revenues	3 086	111	(714)	2 483
Financial expenses	188	673	(714)	147
<b>Profit (loss) before taxation</b>	<b>21 467</b>	<b>(2 296)</b>	<b>(12)</b>	<b>19 159</b>
Income tax	4 655	(391)	-	4 264
<b>Net profit (loss)</b>	<b>16 812</b>	<b>(1 905)</b>	<b>(12)</b>	<b>14 895</b>
<b>Net profit (loss) attributable to equity holders of parent entity</b>	<b>16 812</b>	<b>(1 905)</b>	<b>(12)</b>	<b>14 895</b>

## Segmented consolidated profit and loss account for the period between 01.01.2019 and 30.09.2019

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
<b>Sales revenues</b>	<b>202 644</b>	<b>112 651</b>	<b>(7 337)</b>	<b>307 958</b>
Revenues from sales of products	150 191	4 691	2 040	156 922
Revenues from sales of services	36 944	5	(2 711)	34 238
Revenues from sales of goods and materials	15 509	107 955	(6 666)	116 798
<b>Cost of products, services, goods and materials sold</b>	<b>30 872</b>	<b>80 049</b>	<b>(6 417)</b>	<b>104 504</b>
Cost of products and services sold	18 531	4 683	(1 791)	21 423
Cost of goods and materials sold	12 341	75 366	(4 626)	83 081
<b>Gross profit (loss) from sales</b>	<b>171 772</b>	<b>32 602</b>	<b>(920)</b>	<b>203 454</b>
Selling costs	54 342	28 997	(801)	82 538
General and administrative costs	41 241	4 944	(138)	46 047
Other operating revenues	6 553	694	(935)	6 312
Other operating expenses	5 199	193	(904)	4 488
(Impairment)/reversal of impairment of financial instruments	4	-	-	4
<b>Operating profit (loss)</b>	<b>77 547</b>	<b>(838)</b>	<b>(12)</b>	<b>76 697</b>
Financial revenues	7 878	405	(868)	7 415
Financial expenses	463	1 117	(868)	712
<b>Profit (loss) before taxation</b>	<b>84 962</b>	<b>(1 550)</b>	<b>(12)</b>	<b>83 400</b>
Income tax	17 253	(288)	-	16 965
<b>Net profit (loss)</b>	<b>67 709</b>	<b>(1 262)</b>	<b>(12)</b>	<b>66 435</b>
<b>Net profit (loss) attributable to equity holders of parent entity</b>	<b>67 709</b>	<b>(1 262)</b>	<b>(12)</b>	<b>66 435</b>

## Commentary regarding the financial results of the GOG.com segment

**Revenues from sales of goods and materials** in this segment (corresponding to the core business activity of GOG.com, i.e. digital distribution of videogames via the GOG.com platform and the GOG GALAXY application) increased in the third quarter of 2020 by 23% compared to the reference period – from 30 580 thousand PLN to 37 654 thousand PLN. This increase in sales translated into an increased **Pre-tax profit** from sales of goods and materials – reaching 11 098 thousand PLN (18% more than in the corresponding period in 2019).

Revenues from sales of goods and materials were generated mainly through distribution of goods licensed from external suppliers. The reported increase is due to a series of successful promotional campaigns organized in the GOG.com segment – mainly the fall Harvest Sale – along with a range of successful releases, including *Metal Gear*, *Metal Gear Solid*, *Metal Gear Solid 2*, *Control* and *Destroy All Humans*.

Throughout the third quarter of 2020 the balance of future period sales involving GOG.com customers (disaggregated from current-period results), represented mainly by preorders of *Cyberpunk 2077*, increased by 5 282 thousand PLN, which corresponds to 14% of the value of sales of goods and materials reported in the profit and loss account by GOG.com in Q3 2020.

Regarding **Revenues from sales of products** (increase by 190% compared to the reference period in 2019) and **Cost of products and services sold** (increase by 9%) – in the GOG.com segment these represent mainly GOG.com's share of revenues generated in the framework of *GWENT: The Witcher Card Game* and *Thronebreaker: The Witcher Tales* (apportioned according to the provisions of the consortium agreement), as well as depreciation of past development expenditures related to these products.

**Selling costs** in the GOG.com segment were reported at 10 567 thousand PLN. Despite the 13% increase, they grew more slowly than the corresponding sales revenues (compared to the reference period in 2019). This line item mostly aggregates costs related to operation of the GOG.com platform, including:

- a) remuneration of teams charged with maintenance, development and promotion of the platform,
- b) maintenance, promotion and further development of *GWENT: The Witcher Card Game*, carried out in the framework of a consortium with CD PROJEKT RED,
- c) transaction costs related to processing payments (proportional to sales),
- d) marketing activities focusing on the GOG.com platform and the GOG GALAXY application,
- e) upkeep of IT infrastructure (proportional to sales).

**General and administrative expenses** in the GOG.com segment were reported at 1 542 thousand PLN, which is 10% lower than in the reference period.

The net profit of the GOG.com segment in the reporting period was 130 thousand PLN, which is 2 035 thousand PLN more than in the reference period.

## Segmented consolidated statement of financial position as of 30.09.2020

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
<b>FIXED ASSETS</b>	<b>844 376</b>	<b>40 431</b>	<b>(17 223)</b>	<b>867 584</b>
Property, plant and equipment	104 025	4 071	(1 925)	106 171
Intangibles	61 330	261	-	61 591
Expenditures on development projects	494 555	28 209	(19)	522 745
Investment properties	47 571	-	-	47 571
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	14 701	-	(14 701)	-
Shares in subsidiaries excluded from consolidation	8 168	-	-	8 168
Prepaid expenses	5 760	5 699	-	11 459
Other financial assets	51 522	-	-	51 522
Deferred income tax assets	-	2 191	(578)	1 613
Other receivables	306	-	-	306
<b>WORKING ASSETS</b>	<b>680 073</b>	<b>81 065</b>	<b>(24 606)</b>	<b>736 532</b>
Inventories	15 906	-	-	15 906
Trade receivables	47 838	3 602	(2 235)	49 205
Current income tax receivables	75	-	-	75
Other receivables	59 234	2 641	(1 680)	60 195
Prepaid expenses	12 576	32 829	(20 691)	24 714
Other financial assets	85 346	273	-	85 619
Cash and cash equivalents	159 052	41 720	-	200 772
Bank deposits (maturity beyond 3 months)	300 046	-	-	300 046
<b>TOTAL ASSETS</b>	<b>1 524 449</b>	<b>121 496</b>	<b>(41 829)</b>	<b>1 604 116</b>

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
<b>EQUITY</b>	<b>1 048 234</b>	<b>47 915</b>	<b>(14 691)</b>	<b>1 081 458</b>
<b>Equity attributable to shareholders of the parent company</b>	<b>1 048 234</b>	<b>47 915</b>	<b>(14 691)</b>	<b>1 081 458</b>
Share capital	96 120	136	(136)	96 120
Supplementary capital	689 021	41 230	(5 515)	724 736
Other reserve capital	92 554	911	(1 013)	92 452
Exchange rate differences	21	(65)	1 014	970
Retained earnings	6 111	-	(9 070)	(2 959)
Net profit (loss) for the reporting period	164 407	5 703	29	170 139
<b>Noncontrolling interest equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LONG-TERM LIABILITIES</b>	<b>21 566</b>	<b>3 090</b>	<b>(2 087)</b>	<b>22 569</b>
Other financial liabilities	16 607	1 517	(1 517)	16 607
Other liabilities	3 233	-	-	3 233
Deferred income tax provisions	570	-	(570)	-
Deferred revenues	910	772	-	1 682
Provisions for employee benefits and similar liabilities	246	9	-	255
Other provisions	-	792	-	792
<b>SHORT-TERM LIABILITIES</b>	<b>454 649</b>	<b>70 491</b>	<b>(25 051)</b>	<b>500 089</b>
Other financial liabilities	2 846	510	(445)	2 911
Trade liabilities	21 575	27 364	(2 165)	46 774
Current income tax liabilities	8 045	842	-	8 887
Other liabilities	117 937	6 051	(1 680)	122 308
Deferred revenues	271 620	33 541	(20 691)	284 470
Provisions for retirement benefits and similar liabilities	2	-	-	2
Other provisions	32 624	2 183	(70)	34 737
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 524 449</b>	<b>121 496</b>	<b>(41 829)</b>	<b>1 604 116</b>

## Segmented consolidated statement of financial position as of 30.06.2020

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
<b>FIXED ASSETS</b>	<b>806 251</b>	<b>37 666</b>	<b>(18 649)</b>	<b>825 268</b>
Property, plant and equipment	104 049	3 949	(2 044)	105 954
Intangibles	61 904	333	-	62 237
Expenditures on development projects	455 807	27 355	(19)	483 143
Investment properties	47 616	-	-	47 616
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	14 701	-	(14 701)	-
Shares in subsidiaries excluded from consolidation	8 168	-	-	8 168
Prepaid expenses	5 800	4 144	-	9 944
Other financial assets	51 456	-	-	51 456
Deferred income tax assets	-	1 885	(1 885)	-
Other receivables	312	-	-	312
<b>WORKING ASSETS</b>	<b>703 069</b>	<b>92 450</b>	<b>(23 684)</b>	<b>771 835</b>
Inventories	16 163	-	-	16 163
Trade receivables	66 474	5 095	(3 157)	68 412
Current income tax receivables	14 006	-	-	14 006
Other receivables	53 425	2 167	(3 420)	52 172
Prepaid expenses	9 460	35 875	(17 107)	28 228
Other financial assets	113 668	-	-	113 668
Cash and cash equivalents	115 327	49 313	-	164 640
Bank deposits (maturity beyond 3 months)	314 546	-	-	314 546
<b>TOTAL ASSETS</b>	<b>1 509 320</b>	<b>130 116</b>	<b>(42 333)</b>	<b>1 597 103</b>

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
<b>EQUITY</b>	<b>1 227 634</b>	<b>47 785</b>	<b>(14 700)</b>	<b>1 260 719</b>
<b>Equity attributable to shareholders of the parent company</b>	<b>1 227 634</b>	<b>47 785</b>	<b>(14 700)</b>	<b>1 260 719</b>
Share capital	96 120	136	(136)	96 120
Supplementary capital	748 497	41 128	(5 515)	784 110
Other reserve capital	62 678	1 013	(1 013)	62 678
Exchange rate differences	239	(65)	1 014	1 188
Retained earnings	178 936	-	(9 070)	169 866
Net profit (loss) for the reporting period	141 164	5 573	20	146 757
<b>Noncontrolling interest equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LONG-TERM LIABILITIES</b>	<b>24 014</b>	<b>3 198</b>	<b>(3 510)</b>	<b>23 702</b>
Other financial liabilities	17 168	1 672	(1 631)	17 209
Other liabilities	3 293	-	-	3 293
Deferred income tax provisions	2 397	-	(1 879)	518
Deferred revenues	910	772	-	1 682
Provisions for employee benefits and similar liabilities	246	9	-	255
Other provisions	-	745	-	745
<b>SHORT-TERM LIABILITIES</b>	<b>257 672</b>	<b>79 133</b>	<b>(24 123)</b>	<b>312 682</b>
Other financial liabilities	2 324	471	(439)	2 356
Trade liabilities	20 290	37 512	(3 100)	54 702
Current income tax liabilities	184	838	-	1 022
Other liabilities	11 155	9 989	(3 420)	17 724
Deferred revenues	195 633	28 259	(17 107)	206 785
Provisions for retirement benefits and similar liabilities	2	-	-	2
Other provisions	28 084	2 064	(57)	30 091
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 509 320</b>	<b>130 116</b>	<b>(42 333)</b>	<b>1 597 103</b>

## Segmented consolidated statement of financial position as of 31.12.2019\*

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
<b>FIXED ASSETS</b>	<b>650 552</b>	<b>47 760</b>	<b>(18 923)</b>	<b>679 389</b>
Property, plant and equipment	103 305	4 243	(2 281)	105 267
Intangibles	59 270	493	-	59 763
Expenditures on development projects	359 989	25 878	(19)	385 848
Investment properties	44 960	-	-	44 960
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	14 688	-	(14 688)	-
Shares in subsidiaries excluded from consolidation	8 025	-	-	8 025
Prepaid expenses	3 519	15 211	-	18 730
Deferred income tax assets	-	1 935	(1 935)	-
Other receivables	358	-	-	358
<b>WORKING ASSETS</b>	<b>675 526</b>	<b>69 275</b>	<b>(20 082)</b>	<b>724 719</b>
Inventories	12 862	-	-	12 862
Trade receivables	124 040	8 924	(3 391)	129 573
Current income tax receivables	19 298	1 051	-	20 349
Other receivables	62 184	2 031	(4 137)	60 078
Prepaid expenses	7 485	24 625	(12 554)	19 556
Cash and cash equivalents	16 762	32 644	-	49 406
Bank deposits (maturity beyond 3 months)	432 895	-	-	432 895
<b>TOTAL ASSETS</b>	<b>1 326 078</b>	<b>117 035</b>	<b>(39 005)</b>	<b>1 404 108</b>

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
<b>EQUITY</b>	<b>1 078 159</b>	<b>42 198</b>	<b>(14 706)</b>	<b>1 105 651</b>
<b>Equity attributable to shareholders of the parent company</b>	<b>1 078 159</b>	<b>42 198</b>	<b>(14 706)</b>	<b>1 105 651</b>
Share capital	96 120	136	(136)	96 120
Supplementary capital	748 323	38 143	(5 515)	780 951
Other reserve capital	54 657	999	(999)	54 657
Exchange rate differences	(51)	(65)	1 014	898
Retained earnings	6 763	2	(9 055)	(2 290)
Net profit (loss) for the reporting period	172 347	2 983	(15)	175 315
<b>Noncontrolling interest equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LONG-TERM LIABILITIES</b>	<b>26 237</b>	<b>2 790</b>	<b>(3 788)</b>	<b>25 239</b>
Other financial liabilities	17 694	1 910	(1 853)	17 751
Other liabilities	3 421	-	-	3 421
Deferred income tax liabilities	4 870	-	(1 935)	2 935
Deferred revenues	6	358	-	364
Provisions for employee benefits and similar liabilities	246	9	-	255
Other provisions	-	513	-	513
<b>SHORT-TERM LIABILITIES</b>	<b>221 682</b>	<b>72 047</b>	<b>(20 511)</b>	<b>273 218</b>
Other financial liabilities	2 123	460	(429)	2 154
Trade liabilities	25 764	37 493	(3 391)	59 866
Current income tax liabilities	118	-	-	118
Other liabilities	5 071	10 107	(4 137)	11 041
Deferred revenues	152 750	21 168	(12 554)	161 364
Provisions for retirement benefits and similar liabilities	2	-	-	2
Other provisions	35 854	2 819	-	38 673
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 326 078</b>	<b>117 035</b>	<b>(39 005)</b>	<b>1 404 108</b>

\* *adjusted*



## Activity segments

In the third quarter of 2020 the Group engaged in business activities in two segments:

- CD PROJEKT RED,
- GOG.com.

### CD PROJEKT RED

#### Target and scope of business activity

The activity of the CD PROJEKT RED studio is carried out in the framework of CD PROJEKT S.A. (domestic holding company of the CD PROJEKT Group), CD PROJEKT Inc. (USA), CD PROJEKT Co., Ltd. (China) and CD PROJEKT RED STORE sp. z o.o. (online store).

This activity is based on two brands owned by the Company: The Witcher and Cyberpunk. It covers creation and publication of videogames, licensing the associated distribution rights, coordinating promotional activities as well as manufacturing, distributing or licensing tie-in products and merchandise which exploits the commercial appeal of brands held by the Company.

In the scope of its publishing activities the Company also assumes responsibility for its promotional and advertising campaigns, and maintains direct relations with the player base via electronic and social media channels as well as through regular participation in trade fairs.

Since 2019 the Group has also operated an online merchandise store for fans of CD PROJEKT RED videogames. This store is available at [gear.cdprojektred.com](http://gear.cdprojektred.com).

#### Key products

Videogame development commenced in 2002 and initially focused on the studio's RPG debut: The Witcher. This game, set in Andrzej Sapkowski's fantasy world, was released in 2007 to global acclaim, garnering over 100 awards and accolades.

As of the publication date of this report, key releases in the Company's portfolio include The Witcher (PC), The Witcher 2: Assassins of Kings (PC, Xbox 360), The Witcher 3: Wild Hunt, as well as two expansion packs: Hearts of Stone and Blood and Wine (PC, Xbox One, PlayStation 4, Nintendo Switch).

Since 2018 the Company, in consortium with GOG sp. z o.o., has been developing GWENT: The Witcher Card Game (PC, iOS, Android), along with a single-player game – Thronebreaker: The Witcher Tales (PC, iOS, Nintendo Switch, Xbox One, PlayStation 4), built around similar gameplay mechanics.

Altogether, videogames featuring the professional monster hunter Geralt of Rivia had received over 1000 awards.

CD PROJEKT RED is currently in the final phase of development of the largest RPG release in the Studio's history: Cyberpunk 2077, set in a vibrant, technologically advanced world. Players assume the role of V – a cyberpunk who has recently migrated to Night City: the most crime-ridden metropolis of the future. Cyberpunk 2077 is based on the Cyberpunk 2020 pen-and-paper RPG system created by Mike Pondsmith.

### GOG.com

#### Target and scope of business activity

The GOG.com platform was launched in August 2008. Its initial mission was to revitalize major PC cult classics and offer them for sale to international customers with particular focus on English-speaking countries, i.e. United States, Canada, United Kingdom and Australia. The platform is now offered in English, French, German, Russian, Chinese and Polish – this includes full game localizations as well as dedicated customer support and integration with locally popular payment channels, accepting payments in thirteen currencies. GOG.com also carries releases for the macOS and Linux operating systems.

GOG.com activities focus on:

- digital distribution of videogames via the Company's proprietary GOG.com distribution platform and the GOG GALAXY application. The platform enables customers to purchase games, remit payment and download game files to their personal devices,
- development and support for the Company's proprietary GOG GALAXY application to provide user-friendly and straightforward purchase, launch and update features for all games from the GOG.com catalogue, and to facilitate cross-platform online gameplay. GOG GALAXY is currently responsible for all networking features of GWENT, including in-game sales and payment processing in the PC edition,
- collaboration with CD PROJEKT S.A. in the framework of a consortium established to develop and operate GWENT: The Witcher Card Game and Thronebreaker: The Witcher Tales.

In the latter scope, GOG sp. z o.o. is responsible for handling in-game purchases in the PC edition of GWENT, and for delivering the required IT infrastructure and implementing networking features in the PC, iOS and Android editions.



Payments collected by GOG sp. z o.o. from customers are split with the Company's suppliers as agreed upon in distribution contracts. Typical contracts require the Company to submit sales reports in monthly or quarterly cycles, not later than 30 days following the close of the given reporting period. With regard to certain older products the company may be contractually permitted to adapt them to the requirements of modern operating systems, or to enable multiplayer gameplay if such features were originally provided by the given game.

## Disclosure of the issuer's significant accomplishments and shortcomings in each activity segment in the third quarter of 2020

### CD PROJEKT RED

#### Events related to Cyberpunk 2077

In the third quarter of 2020 the Company carried on with its Cyberpunk 2077 promotional campaign, focused on familiarizing a broad spectrum of gamers from around the world with the game and its universe.

Four editions of Night City Wire were organized by CD PROJEKT RED between July and the publication date of this statement:

- On 10 August, in the second episode of Night City Wire, the Studio introduced three videocasts presenting selected aspects of Cyberpunk 2077, including, among others, the available lifepaths: Street Kid, Nomad and Corpo. A short documentary was also shown, detailing the Studio's cooperation with Refused – a Swedish punk band which impersonates the in-game SAMURAI band. The second episode attracted over 1 million live viewers.
- The third episode of Night City Wire was broadcast on 18 September, with a selection of materials presenting the in-game world and the gangs which inhabit it. Studio representatives summarized and announced the winners of the Cyber-up Your PC competition, and also discussed the minimum and recommended hardware specs for the PC edition of Cyberpunk 2077. This episode was viewed live by over 1.3 million spectators.
- In the fourth episode of Night City Wire, on 15 October, CD PROJEKT RED presented the game's vehicles and Night City styles, and also unveiled a new teaser trailer. New backstage footage depicted the work of the team responsible for in-game vehicle sounds, as well as its cooperation with Arch Motorcycle, whose founders – Keanu Reeves and Gard Hollinger – discussed their involvement in the making of Cyberpunk 2077. This episode was viewed live by nearly 1.6 million spectators.
- On 19 November, in the fifth episode of Night City Wire, CD PROJEKT RED presented a range of reveals related to the upcoming game. A new trailer was published, featuring Johnny Silverhand and his unique bond with the game's protagonist – a hired gun going by the name V. A "behind the scenes" look focused on Keanu Reeves discussing his impersonation of Night City's celebrated rockerboy. Composers and musicians involved in the project presented their work on the game's original soundtrack, while a segment titled "JALI" explained how the game's innovative facial expression and lip sync technology ensures realistic facial animations in all 11 language localizations. The episode was capped off with an official five-minute gameplay trailer, including never-before-seen scenes and enabling viewers to better understand the game's premise and characters, including their past and current goals. In addition to storyline reveals the trailer also provides a new look on character development features, along with side activities which gamers may undertake as they explore Night City. The fifth episode was viewed live by 2.5 million spectators.

In the third quarter of 2020 Cyberpunk 2077 was featured on the covers of 20 magazines from around the world.

On 27-30 August, at the virtual edition of gamescom, Cyberpunk 2077 received no less than five top awards: Best PC Game, Best Sony PlayStation Game, Best Role-Playing Game, Best Of gamescom and "Most Wanted" Consumer Award.

On 1 October, after the balance sheet date, a new Cyberpunk 2077 commercial featuring Keanu Reeves was broadcast during the inaugural game of this year's NBA finals.

On 5 October the Management Board announced that Cyberpunk 2077 had completed its certification process on Microsoft Xbox and Sony PlayStation platforms, and had consequently gone gold, paving the way to production of physical carrier media for the abovementioned platforms.

On 27 October the Management Board announced that the release of Cyberpunk 2077 would be postponed to 10 December 2020. This delay was due to the complexity of the final stages of optimizing the game's performance on nine distinct platforms spanning two generations of hardware (Xbox One/X, backward compatibility mode on Xbox Series S/X, PlayStation 4/Pro, backward compatibility mode on PlayStation 5, PC and Stadia), for which the game is targeted, as well as the specifics of testing the game on the above-mentioned platforms while the development team remains physically dispersed.

By the publication date of this statement CD PROJEKT RED has announced global collaboration with brands including Porsche, Arch Motorcycle, Nvidia, Secret Lab, Razer, Steel Series and Twitch. On certain local markets Cyberpunk 2077 will also feature brands such as Rockstar Energy Drink, Adidas, One Plus, Sprite, Play and LPP.

In November additional marketing activities preceding the release of Cyberpunk 2077 were initiated in key territories, including North America and Western Europe. The game's marketing campaign is expected to peak in early December.

### Events related to The Witcher videogame series

On 9 July Thronebreaker: The Witcher Tales was released for iOS devices, with added support for touchscreen control and the ability to synchronize game states with the iOS and PC editions.

On 26 August, the Spokko studio – part of the CD PROJEKT Group – announced The Witcher: Monster Slayer – an augmented reality role playing game set in The Witcher universe. The game will be published as a free-to-play offering for iOS and Android devices. The Witcher: Monster Slayer is currently in the soft launch phase in New Zealand, Singapore, Malaysia, The Philippines and Russia.

On 4 September a new edition of The Witcher 3: Wild Hunt was announced for next-generation consoles (Xbox Series X and PlayStation 5) as well as for top-of-the-range PCs. This edition will consist of the base game, both expansion packs and all previously published DLCs. It will incorporate a range of visual and technical improvements, including ray tracing support and faster load times. Free upgrades will be offered to all customers who had previously purchased the game for Xbox One, PlayStation 4 or PC.

### GWENT (developed by a consortium consisting of CD PROJEKT RED and GOG.com)

On 4 August 2020 CD PROJEKT RED announced the start of the second Season of Journey in GWENT: The Witcher Card Game.

Journeys are a new progression system in GWENT, offering over 100 levels and various rewards obtainable along the way. Throughout the course of Journey's three-month duration, players will be able to follow a brand-new story starring Ciri, with new chapters published every week, along with a selection of related quests.

The third Journey officially began on 3 November, while a new gameplay mode called Draft (involving changes in deck composition rules) was also unveiled.

On 17 November CD PROJEKT RED announced a new expansion for GWENT: The Witcher Card Game titled Way of the Witcher. This expansion is set to launch on 8 December 2020 for the PC, iOS and Android devices.

### GOG.com

#### GOG GALAXY 2.0

Open beta testing of GOG GALAXY 2.0 continued in the third quarter of 2020. The application enables gamers to combine all their game shelves into a shared library, and to communicate with their friends and track their progress regardless of their preferred gaming platforms.

On 20 July 2020 GOG GALAXY 2.0 was officially integrated with Epic Games Store. This marks the release of another official plugin for GOG GALAXY, in addition to the previously released Microsoft Xbox library integration feature.

Closed beta tests of a new online store accessible through the GOG GALAXY application commenced in October. In addition to offering access to all games from the GOG.com catalogue, the store also allows users to purchase selected Epic Games Store titles, previously available exclusively on that platform.

### Activities related to digital distribution

As of the publication date of this statement, the GOG.com catalogue numbers over 4 150 items.

In the third quarter of 2020 the GOG.com catalogue was expanded, among others, with classic Konami games adapted for modern PCs: three METAL GEAR series games, the Konami Collector's Series: Castlevania & Contra, as well as Silent Hill 4: The Room. GOG.com also began distributing Kingdoms of Amalur: Re-Reckoning, Control and Freedom Fighters, among others.

### Sales support

Videogame sales support activities comprise mainly adding new, attractive items to the GOG.com catalogue and organizing seasonal sale campaigns.

During the reporting period, in addition to weekly sales, GOG.com also held several special events – a summer RPG sale, an anniversary sale, QuakeCon and Made in France. The vacation period culminated with the Harvest Sale, timed to coincide with the release of Wasteland 3 and Iron Harvest.

In September a joint promotional campaign was co-organized by GOG.com and Visa, featuring shared TV commercial in Poland and foreign-market activities, including in Germany, France, Russia and China.

## Activities related to the COVID-19 pandemic

A detailed description of the Company's initial preparation for and mitigation of the effects of the ongoing pandemic can be found in the [Management Board report on CD PROJEKT Group and CD PROJEKT S.A. activities in 2019](#).

The COVID-19 pandemic situation is monitored by the Company on an ongoing basis. As of the publication date of this statement the majority of the CD PROJEKT Group workforce continues to work remotely. In parallel, the Company provides some of its employees with the ability to work from their offices, as long as they comply with elevated safety precautions and obey maximum occupancy limits. In order to enhance safety, Group member companies have introduced a range of mental and physical welfare measures, including:

- Body temperature readings taken automatically at the entrance of the Warsaw headquarters and manually at other offices.
- A daily medical survey, which is recommended for all personnel working from home and mandatory for all personnel physically present at Company offices. Results are analyzed on the fly by a team of doctors collaborating with the Group. In case of any suspicious symptoms the affected individuals are directed to undergo PCR testing.
- Testing – initially scanning for the presence of IgM and IgG antibodies in blood serum, and later advancing to the latest generation of antigen tests – mandatory for all personnel having access to the Company offices. Antigen testing is carried out twice a week.
- Ability to schedule telemedical consultations with physicians employed by the Group and available for team members seven days a week; coupled with group meetings to discuss the latest recommendations and prophylactic measures.

## Other events

An Ordinary General Meeting of CD PROJEKT S.A. was held on 28 July 2020. The General Meeting adopted, among others, resolutions instituting a remuneration policy for members of the Company's Management Board and Supervisory Board, authorizing the Management Board to carry out buy-back of shares and creating a reserve capital to finance said buy-back in the framework of implementing the incentive program active in the years 2016-2019, as well as instituting a new incentive program covering the years 2020-2025. However, the attendant resolution concerning issue of subscription warrants with exclusion of subscription rights for existing shareholders in order to enable implementation of the Incentive Program for 2020-2025 failed to obtain the required four-fifths supermajority of votes, as required under the Commercial Companies Code. The full list of resolutions submitted to the Ordinary General Meeting of CD PROJEKT S.A. on 28 July 2020 can be found in the [appendix to Current Report no. 10/2020](#).

Acting in compliance with Resolution no. 21 of the aforementioned Ordinary General Meeting, between 30 July and 17 August the Company carried out a buy-back of Company shares. Shares were purchased on the regulated market of the Warsaw Stock Exchange. Altogether, the Company purchased 516 700 shares expending 214 259 thousand PLN. The goal of the buy-back program was to offer the acquired shares to entitled participants of the Incentive Program which remained in force between 2016 and 2019.

On 22 September 2020 an Extraordinary general Meeting of CD PROJEKT S.A. was held, adopting, among others, a resolution amending the terms of the incentive program for 2020-2025 and a resolution authorizing the issue, in the course of implementing this incentive program, of subscription warrants with exclusion of subscription rights for existing shareholders. Work on draft resolutions was preceded by a series of consultations with shareholders. The full list of resolutions adopted by the Extraordinary General Meeting of CD PROJEKT S.A. on 22 September 2020 can be found in the [appendix to Current Report no. 41/2020](#)

## Disclosure of factors which may affect the Group's future results

Similar to other entities which conduct business activities on the domestic and international markets, the financial results of CD PROJEKT Group companies are affected by a range of external factors, including changes in micro- and macroeconomic conditions, legal reforms and taxation regulations.

With regard to the coming quarterly periods, the CD PROJEKT Group intends to develop its activities in parallel in two key segments: CD PROJEKT RED and GOG.com, while also pursuing new initiatives in the framework of its subsidiaries – Spokko and CD PROJEKT RED STORE.



## CD PROJEKT RED

Key factors which will guide activities in the CD PROJEKT RED segment include ongoing projects, the scale of development work associated with those projects and their perceived popularity among gamers. In this context, the most significant factors shaping the current results of the CD PROJEKT Group include the popularity of previously published games set in The Witcher universe, as well as – in future periods – events related to the upcoming release of Cyberpunk 2077, scheduled for 10 December 2020, including the associated ramp-up in marketing expenses (aggregated with costs on an ongoing basis), development progress and – ultimately – market reception of the new title. To-date enthusiastic reception of the Studio's new product by gamers and experts alike suggests strong potential of the brand, both in terms of PR and commercial appeal. Commitment to product quality, maintaining the pace of the Cyberpunk 2077 marketing campaign, PR activities, hype management and fostering community relations are all important aspects of the game's anticipated market success. In addition, global recognition and popularity of the Cyberpunk 2077 brand may entice gamers who are not yet familiar with The Witcher games to seek access to the Company's earlier products.

GWENT: The Witcher Card Game is the first multiplayer game developed by the CD PROJEKT Group in which CD PROJEKT and GOG collaborate to jointly create new technological solutions while extending their knowledge and experience in terms of provisioning online products. These technologies and know-how are strategically important for the Group and its future development and publishing capabilities, particularly in the context of the previously announced work on the multiplayer edition of Cyberpunk 2077.

The Company believes that maintaining the observed growth dynamics and expansion of the CD PROJEKT RED segment will depend on further enhancement of its world-class videogame development skillset and on maintaining effective communication channels with the global gaming community. Managing two separate major franchises (The Witcher and Cyberpunk), along with several independent development teams, enables the Company to conduct parallel work on several projects and smoothens its long-term release schedule. This migration towards a dual franchise model supported by several independent product lines also permits optimization of manufacturing and financial activities, mitigates important risk factors and makes it easier for Company employees to seek professional fulfillment.

## GOG.com

In the GOG.com segment, maintaining the current high sales volume should be supported by the customers' increasing tendency to turn to online channels for purchases.

GOG.com growth also depends on seeking additional brand-new products. Accordingly, GOG sp. z o.o. actively communicates with leading global developers and publishers of videogames, continually expanding its list of business partners and products offered. Each new release on GOG.com contributes to the platform's popularity and drives up sales. In addition to adding new products GOG sp. z o.o. also seeks to expand its user base by attracting new players – those who have not yet set up a GOG.com account. The Company has been successful in this regard, owing to its PR activities and synergies resulting from cooperation with CD PROJEKT S.A. The GOG.com customer pool continues to grow at a steady pace.

Expanding the reach of services operated by GOG.com may strongly depend on the community reception of GOG GALAXY 2.0. Conceptually, this newest edition of GOG's proprietary technology aims to provide convenient access to games purchased by customers regardless of platform, as well as facilitate social interaction. GOG GALAXY 2.0 is currently in open beta and has been receiving praise from the gaming community.

Further growth of activities in the GOG.com segment, including the potential to acquire unique know-how and experience, and to fully leverage the Company's technological expertise, will be influenced by the Company's involvement in the GWENT project, where GOG.com is responsible for networking and online sales.

## Other activities

The effect of the COVID-19 pandemic on future CD PROJEKT Group's operations and financial results depends on many dynamically changing factors, administrative decisions issued by public authorities in relation to the pandemic, and the consequences of such decisions, which elude accurate forecasting.

The coming fourth quarter of the year is traditionally marked by a ramp-up in marketing activities and a seasonal increase in sales of previously published titles.

The most important event affecting the Group's earnings in the fourth quarter of 2020 and further on in 2021 will be the release of Cyberpunk 2077, scheduled for 10 December 2020, along with the corresponding peak of the game's marketing campaign.

## Disclosure of seasonal or cyclical activities

### CD PROJEKT RED

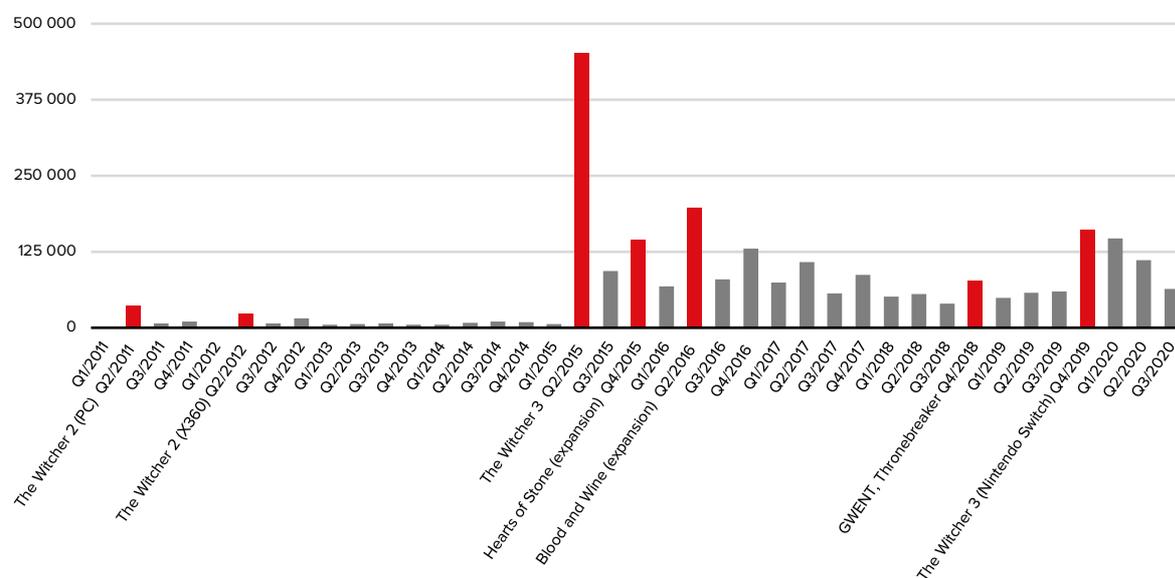
The revenues and financial result of the CD PROJEKT RED segment are strongly affected by the videogame release schedule. CD PROJEKT RED usually takes between 2 and 5 years to produce a game. Initial development work occurs before the previous game in the series is complete and ready to be released.

CD PROJEKT RED also engages in smaller-scale projects – such as add-ons for its own games or adapting existing products to work on new gaming platforms. Such projects may be carried out directly by the Company or by its external partners, and their implementation may take several months (up to around a year).

With regard to games which have already been released, their yearly sales distribution is dependent on the schedule of periodic sale campaigns. In most cases, strong sales are reported in the second and fourth quarter, while the first and the third quarter see weaker sales.

GWENT: The Witcher Card Game, currently operated by the Company, is developed in the game-as-a-service model where revenues depend on the service's popularity and the appeal of new content released within the game.

**Chart 1** Effect of new releases on PROJEKT RED quarterly revenues from sales of products, goods and materials (PLN thousands)



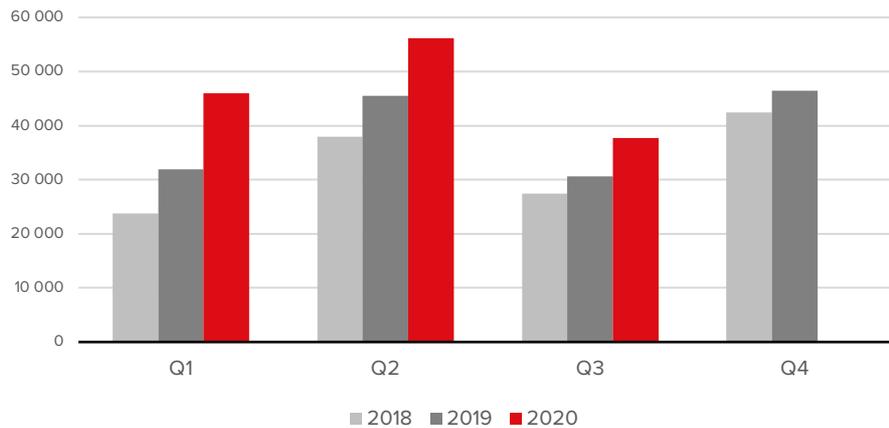
## GOG.com

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.

The sales volume is also strongly dependent on the timing of new releases in each reporting period.

GOG.com also obtains revenues from microtransactions carried out within GWENT: The Witcher Card Game. The volume of such revenues depends, among others, on the game's popularity and on new content released to gamers during each period.

**Chart 2** Quarterly revenues from sales of goods and materials at GOG.com; 2018-2020 (PLN thousands)



## Effect of the COVID-19 pandemic on sales during the reporting period

In the third quarter of 2020, which coincided with the vacation season, most countries loosened or entirely repealed the previously introduced stay-at-home orders and restrictions concerning travel and accessible social activities. Consequently, the spike in the popularity and sales of videogames, observed during the lockdown period, has since abated.

## Disclosure of key clients

The CD PROJEKT Group collaborates with external clients whose share in revenues may exceed 10% of the consolidated sales revenues of the Group.

Within the CD PROJEKT RED segment the activities of CD PROJEKT S.A. carried out in collaboration with one external client throughout Q3 2020 generated revenues which exceeded 10% of the consolidated sales revenues of the CD PROJEKT Group – specifically, 98 133 thousand PLN, which corresponds to 20.9% of the Group's consolidated sales revenues for this period.

The abovementioned client is not affiliated with CD PROJEKT S.A. or any of its subsidiaries.

No other single client accounted for more than 10% of the consolidated sales revenues of the Group.



**CD PROJEKT**

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

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**4**



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

Given the attainment of the goals and criteria of the incentive program in force at the CD PROJEKT Group between 2016 and 2019, in the third quarter of 2020 the Company carried out partial settlement of entitlements granted to program participants by:

- Purchasing 516 700 of its own shares on the open market for later resale to program participants. Together with the related brokerage fees, the Company expended 214 259 thousand PLN on this buy-back program.
- Resold the previously purchased shares to program participants and collected payment for issue of new Series M shares in the framework of exercising rights incorporated by subscription warrants, for a total of 126 124 thousand PLN.

The above transactions affected assets (change in the balance of financial assets and bank deposits), equity and liabilities (change in equity and other liabilities) and cash flows reported by the Company as well as by the CD PROJEKT Group.

## Note 2. Property, plant and equipment

### Changes in PP&E (by category) between 01.01.2020 and 30.09.2020

	Land holdings	Buildings and structures	Civil engineering objects	Machinery and equipment	Vehicles	Other fixed assets	Fixed assets under construction	Total
<b>Gross carrying amount as of 01.01.2020</b>	<b>35 986</b>	<b>65 937</b>	<b>1 587</b>	<b>31 043</b>	<b>2 234</b>	<b>2 623</b>	<b>151</b>	<b>139 561</b>
<b>Increases from:</b>	-	<b>2 271</b>	<b>134</b>	<b>7 528</b>	<b>876</b>	<b>92</b>	<b>927</b>	<b>11 828</b>
purchase	-	140	4	7 426	-	92	927	8 589
lease agreements concluded	-	911	-	-	876	-	-	1 787
reassignment from fixed assets under construction	-	-	130	34	-	-	-	164
reassignment from investment properties	-	1 151	-	-	-	-	-	1 151
receipt free of charge	-	-	-	62	-	-	-	62
other	-	69	-	6	-	-	-	75
<b>Reductions from:</b>	-	<b>503</b>	-	<b>99</b>	<b>141</b>	-	<b>164</b>	<b>907</b>
sale	-	-	-	93	137	-	-	230
disposal	-	503	-	6	-	-	-	509
reassignment from fixed assets under construction	-	-	-	-	-	-	164	164
other	-	-	-	-	4	-	-	4
<b>Gross carrying amount as of 30.09.2020</b>	<b>35 986</b>	<b>67 705</b>	<b>1 721</b>	<b>38 472</b>	<b>2 969</b>	<b>2 715</b>	<b>914</b>	<b>150 482</b>
<b>Depreciation as of 01.01.2020</b>	<b>84</b>	<b>9 322</b>	<b>53</b>	<b>21 945</b>	<b>1 327</b>	<b>1 563</b>	-	<b>34 294</b>
<b>Increases from:</b>	<b>378</b>	<b>4 128</b>	<b>156</b>	<b>5 388</b>	<b>386</b>	<b>313</b>	-	<b>10 749</b>
depreciation	378	4 090	156	5 386	386	313	-	10 709
reassignment from investment properties	-	25	-	-	-	-	-	25
other	-	13	-	2	-	-	-	15
<b>Reductions from:</b>	-	<b>503</b>	-	<b>91</b>	<b>138</b>	-	-	<b>732</b>
sale	-	-	-	91	137	-	-	228
disposal	-	503	-	-	-	-	-	503
other	-	-	-	-	1	-	-	1
<b>Depreciation as of 30.09.2020</b>	<b>462</b>	<b>12 947</b>	<b>209</b>	<b>27 242</b>	<b>1 575</b>	<b>1 876</b>	-	<b>44 311</b>
Impairment allowances as of 01.01.2020	-	-	-	-	-	-	-	-
Impairment allowances as of 30.09.2020	-	-	-	-	-	-	-	-
<b>Net carrying amount as of 01.01.2020</b>	<b>35 902</b>	<b>56 615</b>	<b>1 534</b>	<b>9 098</b>	<b>907</b>	<b>1 060</b>	<b>151</b>	<b>105 267</b>
<b>Net carrying amount as of 30.09.2020</b>	<b>35 524</b>	<b>54 758</b>	<b>1 512</b>	<b>11 230</b>	<b>1 394</b>	<b>839</b>	<b>914</b>	<b>106 171</b>

### Contractual commitments for future acquisition of property, plant and equipment

	30.09.2020	30.06.2020	31.12.2019
Leasing of passenger cars	195	310	144
<b>Total</b>	<b>195</b>	<b>310</b>	<b>144</b>

### Property, plant and equipment held under lease agreements

	30.09.2020		
	Gross carrying amount	Depreciation	Net carrying amount
Land holdings	14 540	209	14 331
Buildings and structures	7 707	3 388	4 319
Vehicles	1 036	155	881
<b>Total</b>	<b>23 283</b>	<b>3 752</b>	<b>19 531</b>

	30.06.2020		
	Gross carrying amount	Depreciation	Net carrying amount
Land holdings	14 540	157	14 383
Buildings and structures	7 015	2 809	4 206
Vehicles	1 590	305	1 285
<b>Total</b>	<b>23 145</b>	<b>3 271</b>	<b>19 874</b>

	31.12.2019		
	Gross carrying amount	Depreciation	Net carrying amount
Land holdings	14 540	55	14 485
Buildings and structures	7 322	2 337	4 985
Vehicles	723	167	556
<b>Total</b>	<b>22 585</b>	<b>2 559</b>	<b>20 026</b>

### Note 3. Intangibles and expenditures on development projects

#### Changes in intangibles and expenditures on development projects between 01.01.2020 and 30.09.2020

	Development projects in progress	Development projects completed	Trademarks	Patents and licenses	Copyrights	Computer software	Goodwill	Intangibles under construction	Others	Total
<b>Gross carrying amount as of 01.01.2020</b>	<b>337 578</b>	<b>252 469</b>	<b>33 199</b>	<b>3 293</b>	<b>17 718</b>	<b>30 299</b>	<b>56 438</b>	<b>1 228</b>	<b>1</b>	<b>732 223</b>
<b>Increases from:</b>	<b>157 953</b>	<b>1 715</b>	-	<b>906</b>	<b>261</b>	<b>4 435</b>	-	<b>857</b>	-	<b>166 127</b>
purchase	-	-	-	827	261	4 036	-	857	-	5 981
reassignment from intangibles under construction	-	-	-	-	-	399	-	-	-	399
reassignment from development projects in progress	-	1 715	-	79	-	-	-	-	-	1 794
own creation	157 953	-	-	-	-	-	-	-	-	157 953
<b>Reductions from:</b>	<b>1 715</b>	-	-	-	-	<b>2 341</b>	-	<b>478</b>	-	<b>4 534</b>
disposal	-	-	-	-	-	2 341	-	-	-	2 341
reassignment from intangibles under construction	-	-	-	-	-	-	-	478	-	478
reassignment from development projects in progress	1 715	-	-	-	-	-	-	-	-	1 715
<b>Gross carrying amount as of 30.09.2020</b>	<b>493 816</b>	<b>254 184</b>	<b>33 199</b>	<b>4 199</b>	<b>17 979</b>	<b>32 393</b>	<b>56 438</b>	<b>1 607</b>	<b>1</b>	<b>893 816</b>
<b>Depreciation as of 01.01.2020</b>	-	<b>204 199</b>	-	<b>1 610</b>	-	<b>24 364</b>	-	-	<b>1</b>	<b>230 174</b>
<b>Increases from:</b>	-	<b>21 056</b>	-	<b>740</b>	<b>17</b>	<b>3 393</b>	-	-	-	<b>25 206</b>
depreciation	-	21 056	-	740	17	3 393	-	-	-	25 206
<b>Reductions from:</b>	-	-	-	-	-	<b>2 338</b>	-	-	-	<b>2 338</b>
disposal	-	-	-	-	-	2 338	-	-	-	2 338
<b>Depreciation as of 30.09.2020</b>	-	<b>225 255</b>	-	<b>2 350</b>	<b>17</b>	<b>25 419</b>	-	-	<b>1</b>	<b>253 042</b>
Impairment allowances as of 01.01.2020	-	-	-	-	-	-	-	-	-	-
Impairment allowances as of 30.09.2020	-	-	-	-	-	-	-	-	-	-
<b>Net carrying amount as of 01.01.2020</b>	<b>337 578</b>	<b>48 270</b>	<b>33 199</b>	<b>1 683</b>	<b>17 718</b>	<b>5 935</b>	<b>56 438</b>	<b>1 228</b>	-	<b>502 049</b>
<b>Net carrying amount as of 30.09.2020</b>	<b>493 816</b>	<b>28 929</b>	<b>33 199</b>	<b>1 849</b>	<b>17 962</b>	<b>6 974</b>	<b>56 438</b>	<b>1 607</b>	-	<b>640 774</b>

#### Contractual commitments for future acquisition of intangibles

None reported.

## Note 4. Goodwill

No changes in goodwill occurred between 1 July and 30 September 2020.

## Note 5. Investment properties

The parent Company is the owner of an immovable property located at Jagiellońska 76 in Warsaw. As the parent Company leases the property to other entities, it has decided to report it as an investment property.

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

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

	30.09.2020	30.06.2020	31.12.2019
Investment property in Warsaw at Jagiellońska street	42 164	43 359	44 923
Activated costs related to the property	6 771	5 251	373
<b>Gross value of investment properties</b>	<b>48 935</b>	<b>48 610</b>	<b>45 296</b>
Depreciation	1 364	994	336
Impairment allowances related to investment properties	-	-	-
<b>Net value of investment properties</b>	<b>47 571</b>	<b>47 616</b>	<b>44 960</b>

<b>Gross carrying amount as of 01.01.2020</b>	<b>45 296</b>
<b>Increases from:</b>	<b>6 398</b>
activation of future costs	6 398
<b>Reductions from:</b>	<b>2 760</b>
disposal	1 609
reassignment to different asset category	1 151
<b>Gross carrying amount as of 30.09.2020</b>	<b>48 934</b>
<b>Depreciation as of 01.01.2020</b>	<b>336</b>
<b>Increases from:</b>	<b>1 092</b>
depreciation	1 092
<b>Reductions from:</b>	<b>65</b>
disposal	40
reassignment to different asset category	25
<b>Depreciation as of 30.09.2020</b>	<b>1 363</b>
<b>Net carrying amount as of 30.09.2020</b>	<b>47 571</b>

## Contractual commitments for acquisition of investment properties

None reported.

## Note 6. Inventories

	30.09.2020	30.06.2020	31.12.2019
Goods	15 820	16 066	12 668
Other materials	86	97	194
<b>Gross inventories</b>	<b>15 906</b>	<b>16 163</b>	<b>12 862</b>
Inventory impairment allowances	-	-	-
<b>Net inventories</b>	<b>15 906</b>	<b>16 163</b>	<b>12 862</b>

### Changes in inventory impairment allowances

None reported.

## Note 7. Trade and other receivables

	30.09.2020	30.06.2020	31.12.2019
<b>Gross trade and other receivables</b>	<b>110 540</b>	<b>121 732</b>	<b>190 770</b>
<b>Impairment allowances</b>	<b>834</b>	<b>836</b>	<b>761</b>
<b>Trade and other receivables</b>	<b>109 706</b>	<b>120 896</b>	<b>190 009</b>
from affiliates	55	43	52
from external entities	109 651	120 853	189 957

### Changes in impairment allowances on receivables

	Trade receivables	Other receivables	Total
<b>OTHER ENTITIES</b>			
<b>Impairment allowances as of 01.01.2020</b>	<b>29</b>	<b>732</b>	<b>761</b>
<b>Increases from:</b>	<b>81</b>	<b>-</b>	<b>81</b>
creation of allowances for past-due and contested receivables	81	-	81
<b>Reductions from:</b>	<b>8</b>	<b>-</b>	<b>8</b>
dissolution of allowances due to collection of receivables	2	-	2
dissolution of allowances for other reasons	6	-	6
<b>Impairment allowances as of 30.09.2020</b>	<b>102</b>	<b>732</b>	<b>834</b>

### Current and overdue trade receivables as of 30.09.2020

	Total	Not overdue	Days overdue					
			1 – 60	61 – 90	91 – 180	181 – 360	>360	
<b>AFFILIATES</b>								
gross receivables	55	55	-	-	-	-	-	-
non-fulfillment ratio		0%	0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-	-
impairment allowances as individually assessed	-	-	-	-	-	-	-	-
total expected credit loss	-	-	-	-	-	-	-	-
<b>Net receivables</b>	<b>55</b>	<b>55</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
<b>OTHER ENTITIES</b>							
gross receivables	49 252	48 843	258	7	1	31	112
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	102	-	-	-	-	-	102
total expected credit loss	102	-	-	-	-	-	102
<b>Net receivables</b>	<b>49 150</b>	<b>48 843</b>	<b>258</b>	<b>7</b>	<b>1</b>	<b>31</b>	<b>10</b>
<b>Total</b>							
gross receivables	49 307	48 898	258	7	1	31	112
impairment allowances	102	-	-	-	-	-	102
<b>Net receivables</b>	<b>49 205</b>	<b>48 898</b>	<b>258</b>	<b>7</b>	<b>1</b>	<b>31</b>	<b>10</b>

### Other receivables

	30.09.2020	30.06.2020	31.12.2019*
<b>Other gross receivables, including:</b>	<b>61 233</b>	<b>53 216</b>	<b>61 168</b>
tax returns except corporate income tax	24 955	32 269	40 047
prepayments associated with expenditures on development projects	25 060	14 565	8 087
advance payments for supplies	8 754	4 328	10 882
deposits	609	636	518
prepayments associated with licensing liabilities	464	487	487
prepayments associated with purchases of PP&E and intangibles	331	-	377
prepayments associated with purchases of investment properties	271	90	-
employee compensation settlements	19	26	24
settlements with management board members at Group member companies	1	-	3
other	37	83	11
<b>Impairment allowances</b>	<b>732</b>	<b>732</b>	<b>732</b>
<b>Total other gross receivables</b>	<b>60 501</b>	<b>52 484</b>	<b>60 436</b>
short-term	60 195	52 172	60 078
long-term	306	312	358

\* adjusted

### Note 8. Other financial assets

	30.09.2020	30.06.2020	31.12.2019
Loans granted	3 015	2 003	-
Bonds	128 284	157 878	-
Derivative financial instruments	5 842	5 243	-
<b>Other financial assets, including:</b>	<b>137 141</b>	<b>165 124</b>	<b>-</b>
short-term assets	85 619	113 668	-
long-term assets	51 522	51 456	-

## Note 9. Prepaid expenses

	30.09.2020	30.06.2020	31.12.2019*
Minimum guarantees and advance payments at GOG.com	16 079	21 291	25 857
Marketing campaign	9 171	5 967	5 327
Software, licenses	3 618	3 854	1 726
Expenses associated with future marketing activities	1 889	1 922	2 000
Repairs and refurbishment	1 600	1 376	-
Fees associated with right of first refusal	1 511	1 538	1 600
Transaction fees	1 184	960	672
IT security	378	353	291
Non-life insurance	306	299	258
Access to marketing platforms	64	123	227
Fees related to perpetual usufruct of land	43	85	-
Business travel (airfare, accommodation, insurance)	18	54	82
Participation in fairs	12	48	-
Other prepaid expenses	300	302	246
<b>Total prepaid expenses</b>	<b>36 173</b>	<b>38 172</b>	<b>38 286</b>
short-term	24 714	28 228	19 556
long-term	11 459	9 944	18 730

\* adjusted

## Note 10. Deferred income tax

### Negative temporary differences requiring recognition of deferred tax assets

	31.12.2019	Differences affecting deferred tax aggregated with financial result	Differences affecting deferred tax aggregated with other comprehensive income	30.09.2020
Provisions for other employee benefits	258	-	-	258
Provisions for compensation dependent on financial result	24 983	(844)	-	24 139
Tax loss	863	(863)	-	-
Negative exchange rate differences	705	17 412	-	18 117
Difference between balance sheet value and tax value of expenditures on development projects	6 958	319	-	7 277
Employee compensation and social security expenses payable in future reporting periods	42	(35)	-	7
Deferred revenues associated with adding funds to virtual wallets and participation in the additional benefits programs	1 746	1 329	-	3 075
Other provisions	2 999	(2 477)	-	522
R&D tax relief	17 389	-	-	17 389
Advances recognized as taxable income	11 107	5 957	-	17 064
<b>Total negative temporary differences</b>	<b>67 050</b>	<b>20 798</b>	<b>-</b>	<b>87 848</b>
subject to 5% tax rate	37 561	5 633	-	43 194
subject to 19% tax rate	29 489	15 165	-	44 654
<b>Deferred tax assets</b>	<b>7 481</b>	<b>3 163</b>	<b>-</b>	<b>10 644</b>

### Positive temporary differences requiring recognition of deferred tax liabilities

	31.12.2019*	Differences affecting deferred tax aggregated with financial result	Differences affecting deferred tax aggregated with other comprehensive income	30.09.2020
Difference between balance sheet value and tax value of PP&E and intangibles	12 925	917	-	13 842
Income in the current period invoiced in the following period	86 968	(60 877)	-	26 091
Positive exchange rate differences	738	14 568	-	15 306
Estimation of bonds	-	51	392	443
Estimation of forward contracts	-	6 034	-	6 034
Difference between balance sheet value and tax value of expenditures on development projects	9 328	(4 578)	-	4 750
Other sources	216	(77)	-	139
<b>Total negative temporary differences</b>	<b>110 175</b>	<b>(43 962)</b>	<b>392</b>	<b>66 605</b>
subject to 5% tax rate	75 122	(49 239)	-	25 883
subject to 19% tax rate	35 053	5 277	392	40 722
<b>Deferred tax liabilities</b>	<b>10 416</b>	<b>(1 459)</b>	<b>74</b>	<b>9 031</b>

\* adjusted

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

### Net balance of deferred tax assets/liabilities

	30.09.2020	30.06.2020	31.12.2019
Deferred tax assets	10 644	9 033	7 481
Deferred tax liabilities	9 031	9 551	10 416
<b>Net deferred tax assets/(liabilities)</b>	<b>1 613</b>	<b>(518)</b>	<b>(2 935)</b>

### Income tax reported in profit/loss account

	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019
Current income tax, including:	6 557	23 124	11 151	24 103
- withholding tax paid abroad	3 645	3 672	-	-
Changes in deferred income tax	(2 184)	(4 622)	(6 887)	(7 138)
<b>Income tax reported in profit/loss account</b>	<b>4 373</b>	<b>18 502</b>	<b>4 264</b>	<b>16 965</b>

## Note 11. Provisions for employee benefits and similar liabilities

	30.09.2020	30.06.2020	31.12.2019
Provisions for retirement benefits and pensions	257	257	257
<b>Total, including:</b>	<b>257</b>	<b>257</b>	<b>257</b>
short-term provisions	2	2	2
long-term provisions	255	255	255

No changes in provisions for employee benefits and similar liabilities occurred between 1 July and 30 September 2020.

## Note 12. Other provisions

	30.09.2020	30.06.2020	31.12.2019
<b>Provisions for liabilities, including:</b>	<b>35 529</b>	<b>30 836</b>	<b>39 186</b>
provisions for compensation contingent upon the Group's financial result, and other compensation	34 665	29 941	36 038
provisions for bought-in services	507	428	541
provisions for financial statement audit and review expenses	-	60	100
provisions for other expenses	357	407	2 507
<b>Total, including:</b>	<b>35 529</b>	<b>30 836</b>	<b>39 186</b>
short-term provisions	34 737	30 091	38 673
long-term provisions	792	745	513

### Changes in other provisions

	Provisions for compensation contingent upon the Group's financial result	Other provisions	Total
<b>As of 01.01.2020</b>	<b>36 038</b>	<b>3 148</b>	<b>39 186</b>
Provisions created during the fiscal year	34 171	3 299	37 470
Provisions consumed	35 526	5 583	41 109
Provisions dissolved	18	-	18
<b>As of 30.09.2020, including:</b>	<b>34 665</b>	<b>864</b>	<b>35 529</b>
short-term provisions	33 873	864	34 737
long-term provisions	792	-	792

## Note 13. Other liabilities

	30.09.2020	30.06.2020	31.12.2019*
<b>Liabilities from other taxes, duties, social security payments and others, except corporation tax</b>	<b>7 465</b>	<b>17 165</b>	<b>10 439</b>
VAT	3 899	5 886	5 459
Flat-rate withholding tax	24	45	348
Personal income tax	1 756	6 163	3 715
Social security (ZUS) payments	1 724	4 993	860
National Disabled Persons Rehabilitation Fund (PFRON) payments	45	46	31
PIT-8AR settlements	17	32	26
<b>Other liabilities</b>	<b>118 076</b>	<b>3 852</b>	<b>4 023</b>
Liabilities associated with right of first refusal and future marketing costs	3 160	3 220	3 340
Settlements with equity holders related to capital contributions	114 518	-	-
Other employee-related liabilities	13	7	9
Other liabilities payable to management board members at Group member companies	2	-	4
Advance payments received from foreign clients	58	277	262
Other liabilities, incl. Internal Social Benefits Fund (ZFŚS)	325	348	408
<b>Total other liabilities</b>	<b>125 541</b>	<b>21 017</b>	<b>14 462</b>
short-term liabilities	122 308	17 724	11 041
long-term liabilities	3 233	3 293	3 421

\* adjusted

## Note 14. Deferred revenues

	30.09.2020	30.06.2020	31.12.2019*
Subsidies	15 522	15 564	13 527
Future period revenues	270 610	192 881	148 179
Official phone rental and other services	20	22	22
<b>Total, including:</b>	<b>286 152</b>	<b>208 467</b>	<b>161 728</b>
short-term deferrals	284 470	206 785	161 364
long-term deferrals	1 682	1 682	364

\* adjusted

## Note 15. Disclosure of financial instruments

### Fair value of financial instruments per class

Following an analysis of each class of financial instruments held by the Group, the Management Boards has determined that their carrying amounts in all cases reflect their corresponding fair value as of 30 September 2020, 30 June 2020 and 31 December 2019 respectively.

	30.09.2020	30.06.2020	31.12.2019
<b>LEVEL 1</b>			
<b>Assets estimated at fair value</b>			
<b>Financial assets estimated at fair value through other comprehensive income</b>	<b>78 762</b>	<b>108 422</b>	-
foreign government bonds – CHF	12 603	41 458	-
foreign government bonds – EUR	20 426	20 157	-
foreign government bonds – USD	45 733	46 807	-
<b>LEVEL 2</b>			
<b>Assets estimated at fair value through financial result</b>			
<b>Derivative instruments:</b>	<b>5 842</b>	<b>5 243</b>	-
forward currency contracts – CHF	1 678	1 980	-
forward currency contracts – EUR	(24)	478	-
forward currency contracts – USD	4 188	2 785	-

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

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

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

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

### Financial assets – classification and estimation

	30.09.2020	30.06.2020	31.12.2019*
<b>Financial assets estimated at amortized cost</b>	<b>602 866</b>	<b>599 369</b>	<b>612 232</b>
Other long-term receivables	306	312	358
Trade receivables	49 205	68 412	129 573
Cash and cash equivalents	200 772	164 640	49 406
Bank deposits (maturity beyond 3 months)	300 046	314 546	432 895
State Treasury bonds	49 522	49 456	-
Loans granted	3 015	2 003	-
<b>Financial assets estimated at fair value through other comprehensive income</b>	<b>78 762</b>	<b>108 422</b>	-
Foreign government bonds	78 762	108 422	-
<b>Financial assets estimated at fair value through financial result</b>	<b>5 842</b>	<b>5 243</b>	-
Derivative financial instruments	5 842	5 243	-
<b>Capital market instruments estimated at purchase price</b>	<b>8 168</b>	<b>8 168</b>	<b>8 025</b>
Shares in subsidiaries excluded from consolidation	8 168	8 168	8 025
<b>Total financial assets</b>	<b>695 638</b>	<b>721 202</b>	<b>620 257</b>

\* adjusted

### Financial liabilities – classification and estimation

	30.09.2020	30.06.2020	31.12.2019
<b>Financial liabilities estimated at amortized cost</b>	<b>66 292</b>	<b>74 267</b>	<b>79 771</b>
Trade liabilities	46 774	54 702	59 866
Other financial liabilities	19 518	19 565	19 905

## Note 16. Sales revenues

### Sales revenues by territory in 2020\*

	01.07.2020 – 30.09.2020		01.01.2020 – 30.09.2020	
	PLN	%	PLN	%
Domestic sales	5 175	4.96%	18 100	3.86%
<b>Exports, including:</b>	<b>99 343</b>	<b>95.04%</b>	<b>450 428</b>	<b>96.14%</b>
Europe	33 967	32.50%	142 526	30.42%
North America	55 021	52.64%	244 323	52.15%
South America	809	0.77%	3 132	0.67%
Asia	6 879	6.58%	51 874	11.07%
Australia	2 489	2.38%	8 028	1.71%
Africa	178	0.17%	545	0.12%
<b>Total</b>	<b>104 518</b>	<b>100%</b>	<b>468 528</b>	<b>100%</b>

### Sales revenues by territory in 2019\*

	01.07.2019 – 30.09.2019		01.01.2019 – 30.09.2019	
	PLN	%	PLN	%
Domestic sales	3 374	3.63%	10 719	3.49%
<b>Exports, including:</b>	<b>89 497</b>	<b>96.37%</b>	<b>297 239</b>	<b>96.51%</b>
Europe	23 310	25.10%	75 962	24.67%
North America	54 721	58.92%	195 423	63.46%
South America	621	0.67%	2 106	0.68%
Asia	6 715	7.23%	15 928	5.17%
Australia	4 011	4.32%	7 374	2.39%
Africa	119	0.13%	446	0.14%
<b>Total</b>	<b>92 871</b>	<b>100%</b>	<b>307 958</b>	<b>100%</b>

\* These figures refer to the territory of residence of the Group's immediate clients (distributors) rather than final customers.

### Sales revenues by product type

	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019
Own products	61 902	299 566	47 147	156 922
External products	42 149	167 721	43 343	116 798
Other revenues	467	1 241	2 381	34 238
<b>Total</b>	<b>104 518</b>	<b>468 528</b>	<b>92 871</b>	<b>307 958</b>

### Sales revenues by distribution channel

	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019
Videogames – box editions	8 137	58 975	17 644	25 386
Videogames – digital editions	89 152	393 008	69 629	242 661
Other revenues	7 229	16 545	5 598	39 911
<b>Total</b>	<b>104 518</b>	<b>468 528</b>	<b>92 871</b>	<b>307 958</b>

## Note 17. Operating expenses

	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019
Depreciation of PP&E, intangibles, expenditures on development projects and investment properties, including:	2 142	6 080	2 171	6 135
- depreciation of leased buildings	325	883	570	1 684
- depreciation of leased vehicles	72	221	30	130
Consumption of materials and energy	354	1 230	584	1 743
Bought-in services, including:	18 176	54 903	16 930	50 949
- short-term leases and leases of low-value assets	136	275	78	263
Taxes and fees	277	675	187	659
Employee compensation, social security and other benefits	17 924	72 911	18 027	66 230
Business travel	560	919	1 052	2 668
Use of company cars	43	128	22	80
Value of goods and materials sold	29 808	122 237	31 518	83 081
Cost of products and services sold	6 620	21 947	6 362	21 423
Other expenses	319	948	59	121
<b>Total</b>	<b>76 223</b>	<b>281 978</b>	<b>76 912</b>	<b>233 089</b>
Selling costs	31 198	103 347	27 334	82 538
General and administrative costs	8 597	34 447	11 698	46 047
Cost of products, goods and materials sold	36 428	144 184	37 880	104 504
<b>Total</b>	<b>76 223</b>	<b>281 978</b>	<b>76 912</b>	<b>233 089</b>

## Note 18. Other operating revenues and expenses

### Other operating revenues

	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019
Lease revenues	1 400	4 296	-	-
Reinvoicing revenues	232	688	3 487	4 344
Other sales	128	160	457	512
Fixed assets and goods received free of charge	89	499	410	1 150
Subsidies	42	159	45	143
Compensation for damages received	2	56	-	-
Dissolution of unused provisions for expenses	-	18	-	2
Profit from sales of fixed assets	2	16	5	86
Withholding tax recovered	-	-	-	1
Other miscellaneous operating revenues	14	33	17	74
<b>Total other operating revenues</b>	<b>1 909</b>	<b>5 925</b>	<b>4 421</b>	<b>6 312</b>

## Other operating expenses

	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019
Lease costs	813	2 463	-	-
Depreciation of investment properties	389	1 022	21	21
Reinvoicing costs	232	688	3 487	4 346
Donations	200	2 300	-	6
Liquidation of investment properties	35	1 569	-	-
Disposal (destruction) of materials and goods	2	5	8	8
Liquidation of PP&E and intangibles	-	3	-	-
Other selling costs	-	-	37	82
Unrecoverable withholding tax	-	-	3	16
Inventory revaluations	-	-	1	1
Nonculpable shortfalls in working assets	-	1	-	-
Other miscellaneous operating expenses	18	50	1	8
<b>Total other operating expenses</b>	<b>1 689</b>	<b>8 101</b>	<b>3 558</b>	<b>4 488</b>

## Note 19. Financial revenues and expenses

### Financial revenues

	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019
<b>Revenues from interest:</b>	<b>1 506</b>	<b>5 792</b>	<b>2 214</b>	<b>7 415</b>
on short-term bank deposits	1 412	5 665	2 214	7 411
on bonds	79	110	-	-
on loans	15	17	-	-
on trade settlements	-	-	-	4
<b>Other financial revenues:</b>	<b>1 817</b>	<b>7 061</b>	<b>269</b>	<b>-</b>
settlement and estimation of derivative financial instruments	1 817	7 061	-	-
surplus positive exchange rate differences	-	-	269	-
<b>Total financial revenues</b>	<b>3 323</b>	<b>12 853</b>	<b>2 483</b>	<b>7 415</b>

### Financial expenses

	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019
<b>Interest payments:</b>	<b>218</b>	<b>475</b>	<b>147</b>	<b>496</b>
on lease agreements	101	306	136	464
on bonds	108	141	-	-
on budget commitments	9	28	11	32
<b>Other financial expenses:</b>	<b>3 867</b>	<b>8 038</b>	<b>-</b>	<b>216</b>
surplus negative exchange rate differences	3 306	7 456	-	216
bond purchase fees	56	77	-	-
loss from maturation of bonds	503	503	-	-
other miscellaneous financial expenses	2	2	-	-
<b>Total financial expenses</b>	<b>4 085</b>	<b>8 513</b>	<b>147</b>	<b>712</b>
<b>Net balance of financial activities</b>	<b>(762)</b>	<b>4 340</b>	<b>2 336</b>	<b>6 703</b>

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

The Group has entered into agreements concerning leasing of office equipment (multipurpose photocopiers, kitchen equipment) as well as apartments which potentially meet the criteria of lease agreements under IFRS 16. However, the Group regards these agreements as either short-term or concerning low-value assets and, consequently, does not apply the new standard to these agreements in line with the practical expedient specified in Art. 5 of the new standard. In such cases lease payments are reported as costs during the period in which they are incurred, using either the straight-line method or another method which best reflects the breakdown of payments throughout the duration of the agreement (information regarding costs related to such agreements, incurred between 1 July and 30 September 2020, can be found in Note 17).

As of 30 September 2020, 30 June 2020 and 31 December 2019 future payments associated with irrevocable short-term lease agreements and lease agreements concerning low-value assets are as follows:

	30.09.2020	30.06.2020	31.12.2019
due within 1 year	201	441	549
due between 1 and 5 years	119	125	273
due after 5 years	-	-	-
<b>Total</b>	<b>320</b>	<b>566</b>	<b>822</b>

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

### Issue of debt securities

Not applicable.

### Issue of capital securities

	30.09.2020	30.06.2020	31.12.2019
Stock volume (thousands)	96 120	96 120	96 120
Nominal value per share (PLN)	1	1	1
<b>Share capital</b>	<b>96 120</b>	<b>96 120</b>	<b>96 120</b>

## Note 22. Dividends declared or paid out and collected

No dividends were paid out or collected by the Group's member companies between 1 July and 30 September 2020.

## Note 23. Transactions with affiliates

### Conditions governing transactions with affiliates

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

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

**Transactions with affiliates following consolidation eliminations**

	Sales to affiliates				Purchases from affiliates			
	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019
<b>SUBSIDIARIES</b>								
CD PROJEKT Co., Ltd.	-	-	-	-	783	2 611	1 464	3 119
Spokko sp. z o.o.	187	318	61	206	-	-	-	-
<b>GROUP MEMBER COMPANY EXECUTIVES</b>								
Marcin Iwiński	3	6	2	12	-	-	-	-
Adam Kiciński	1	3	1	6	-	-	-	-
Piotr Nielubowicz	2	6	3	6	-	-	-	-
Michał Nowakowski	2	8	5	10	-	-	-	-
Adam Badowski	-	3	1	3	-	-	-	-
Oleg Klapovskiy	1	1	-	1	-	-	-	-
Urszula Jach - Jaki	-	4	-	-	-	-	-	-

	Receivables from affiliates			Liabilities due to affiliates		
	30.09.2020	30.06.2020	31.12.2019	30.09.2020	30.06.2020	31.12.2019
<b>SUBSIDIARIES</b>						
CD PROJEKT Co., Ltd.	-	-	-	257	409	247
Spokko sp. z o.o.	3 069	2 045	49	-	-	-
<b>GROUP MEMBER COMPANY EXECUTIVES</b>						
Marcin Iwiński	1	-	-	18 316*	-	3
Adam Kiciński	-	-	1	18 315*	-	1
Piotr Nielubowicz	-	-	-	18 315*	-	-
Michał Nowakowski	-	-	1	13 736*	-	-
Adam Badowski	-	1	1	13 736*	-	-
Piotr Karwowski	-	-	-	2 698*	-	-
Oleg Klapovskiy	-	-	-	817*	-	-
Urszula Jach - Jaki	-	-	-	123*	-	-

\* These liabilities concern mainly payment for shares which are to be issued in the framework of the incentive program in force at the Group between 2016 and 2019.



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

Not applicable.

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

### Conditional liabilities from sureties and collateral pledged

	Type of agreement	Currency	30.09.2020	30.06.2020	31.12.2019
<b>mBank S.A.</b>					
Declaration of submission to enforcement	Collateral for debit card agreement	PLN	920	920	920
Promissory note agreement	Collateral for framework concerning financial market transactions	PLN	50 000	50 000	7 710
Promissory note agreement	Collateral for lease agreement	PLN	667	667	667
<b>Ingenico Group S.A. (formerly Global Collect Services BV)</b>					
Contract of guarantee	Guarantee of discharge of liabilities by GOG sp. z o.o.	EUR	155	155	155
<b>Mazovian Unit for Implementation of EU Programs (Mazowiecka Jednostka Wdrażania Programów Unijnych)</b>					
Contractual pledge	Pledge to cover maintenance and renovation expenses related to leased space	PLN	419	1 960	1 998
<b>National Center for Research and Development (Narodowe Centrum Badań i Rozwoju)</b>					
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0105/16	PLN	7 934	7 934	7 934
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0110/16	PLN	5 114	5 114	5 114
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0112/16	PLN	3 857	3 857	3 857
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0118/16	PLN	5 324	5 324	5 324
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0120/16	PLN	1 234	1 204	1 204

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**Santander Leasing S.A. (formerly BZ WBK Leasing S.A.)**

Promissory note agreement	Lease agreement no. CR1/01390/2018	PLN	-	124	182
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**Santander Bank Polska S.A. (formerly BZ WBK S.A.)**

Promissory note agreement	Framework agreement concerning financial market transactions	PLN	13 000	13 000	6 500
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**Bank Polska Kasa Opieki S.A.**

Promissory note agreement	Framework agreement concerning financial market transactions	PLN	20 000	20 000	-
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**BNP Paribas**

Promissory note agreement	Framework agreement concerning financial market transactions	PLN	75 000	-	-
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## Note 26. Changes in the structure of the Group and its member entities occurring during the reporting period

None reported.

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

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

The maximum number of entitlements grantable under the program was 6 million, of which 5 535 500 were actually granted. Following positive verification of the attainment of the program's goals, 5 167 500 exercisable entitlements existed. In the course of exercising these entitlements the Company sold to entitled parties a total of 516 700 shares which had previously been bought back on the open market. The remaining entitlements vested by issuing to entitled parties a total of 4 650 800 subscription warrants. The entitled parties subsequently exercised 4 534 624 from the 4 650 800 subscription warrants assigned thereto, each entitling its holder to claim a single share of the Company issued in the framework of a conditional increase of the Company share capital.

As of the publication date of this statement, 4 534 624 newly issued Series M shares have been registered in the Central Securities Repository of Poland and the Company is waiting for the Warsaw Stock Exchange to issue a decision admitting these shares to trading.

As of the publication date of this statement, there remain 116 176 outstanding Series B subscription warrants, entitling holders to claim the corresponding number of Series M shares. These warrants will expire on 31 December 2022.

Based on the resolutions adopted by the General Meetings on 28 July 2020 and 22 September 2020, the Company introduced another (third) edition of its incentive program, covering the years 2020-2025. As stipulated by the relevant resolutions, a total of 4 000 000 entitlements may be conditionally assigned under the program. The program may vest either by issue and assignment of subscription warrants enabling entitled parties to claim shares of the parent Company (issued separately as a conditional increase of the Company share capital) or by presenting the entitled parties with an offer to purchase shares which the Company will have previously bought back on the open market under a dedicated buy-back program. In either case, assignment and exercise of subscription warrants or purchase from the Company of its own shares will be conditioned upon meeting the goals and criteria of the incentive program. The program provides result goals (80% of entitlements), market goals (20% of entitlements), along with certain individual goals (in selected cases) as well as – in all cases – a loyalty criterion which must be met up until attainment of goals and vesting of the program is confirmed. In late October the Management Board (and with regard to entitled parties who are also members of the Management Board – the Supervisory Board) adopted resolutions assigning a total of 2 607 000 entitlements under the 2020-2025 incentive program.

## Note 28. Fiscal settlements

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

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

### IP Box preference

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

## Note 29. Clarifications regarding the condensed interim consolidated statement of cash flows

	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019
<b>Cash and cash equivalents reported in cash flow statement</b>	<b>200 772</b>	<b>200 772</b>	<b>124 966</b>	<b>124 966</b>
Cash on balance sheet	200 772	200 772	124 966	124 966
<b>Depreciation consists of:</b>	<b>2 142</b>	<b>6 080</b>	<b>2 192</b>	<b>6 156</b>
Depreciation of intangibles	518	1 502	437	1 152
Depreciation of expenditures on development projects	120	269	74	223
Depreciation of property, plant and equipment	1 488	4 239	1 650	4 750
Depreciation of investment properties	16	70	31	31
<b>Profit (loss) from exchange rate differences results from:</b>	<b>1 411</b>	<b>2 542</b>	-	-
Exchange rate differences on estimation of bonds	1 411	2 542	-	-
<b>Interest and share in profits consists of:</b>	<b>(1 297)</b>	<b>(5 345)</b>	<b>(2 078)</b>	<b>(6 947)</b>
Interest on bank deposits	(1 412)	(5 665)	(2 214)	(7 411)
Interest on bonds	29	31	-	-
Interest accrued on loans granted	(15)	(17)	-	-
Interest on lease agreements	101	306	136	464
<b>Profit (loss) from investment activities results from:</b>	<b>(991)</b>	<b>(4 690)</b>	<b>(415)</b>	<b>(1 236)</b>
Revenues from sales of property, plant and equipment	(2)	(18)	(6)	(136)
Net value of property, plant and equipment sold	-	2	1	50
Net value of intangibles liquidated	-	3	-	-
Net value of investment properties liquidated	35	1 569	-	-
Fixed assets received free of charge	(62)	(62)	(410)	(1 150)
Settlement and estimation of derivative financial instruments	(1 521)	(6 764)	-	-
Bond purchase fees	56	77	-	-
Revenues from maturation of bonds	(45 135)	(45 135)	-	-
Value of bonds held to maturity	45 638	45 638	-	-
<b>Changes in provisions result from:</b>	<b>3 281</b>	<b>(3 131)</b>	<b>3 699</b>	<b>(6 412)</b>
Changes in provisions for liabilities	4 693	(3 657)	4 750	(7 629)
Changes in provisions for compensation contingent upon the Company's financial result and other provisions aggregated with expenditures on development projects	(1 412)	526	(1 051)	1 217
<b>Changes in inventory status result from:</b>	<b>257</b>	<b>(3 044)</b>	<b>(9 835)</b>	<b>(10 664)</b>
Balance of changes in inventory status	257	(3 044)	(9 835)	(10 664)

<b>Changes in receivables result from:</b>	<b>18 552</b>	<b>93 829</b>	<b>45 399</b>	<b>(26 829)</b>
Balance of changes in short-term receivables	25 115	100 525	48 156	(24 561)
Balance of changes in long-term receivables	6	52	-	(4)
Advance payment for investment properties	181	271	-	(1 667)
Income tax set against withholding tax	-	8	-	8 249
Withholding tax paid abroad	(3 645)	(3 672)	-	-
Current income tax adjustments	(13 931)	(20 282)	(2 757)	(8 838)
Changes in advance payments associated with expenditures on development projects	10 495	16 973	-	-
Changes in advance payments associated with purchases of PP&E and intangibles	331	(46)	-	-
Changes in receivables resulting from withdrawal from PP&E purchase agreement	-	-	-	(8)
<b>Changes in short-term liabilities except financial liabilities result from:</b>	<b>(17 127)</b>	<b>(15 551)</b>	<b>(768)</b>	<b>(6 377)</b>
Balance of changes in short-term liabilities	105 076	107 701	483	(6 947)
Current income tax adjustments	(7 865)	(8 769)	(3 282)	(3 301)
Changes in financial liabilities	(555)	(757)	714	(4 502)
Changes in liabilities due to purchase of property, plant and equipment	(355)	(207)	(8)	119
Changes in liabilities due to purchase of intangibles	168	932	1 277	(761)
Changes in liabilities due to purchase of investment properties	922	47	48	9 015
Adjustment for payment for shares received	(114 518)	(114 518)	-	-
Adjustment for liabilities booked on the other side as prepaid expenses	-	20	-	-
<b>Changes in other assets and liabilities result from:</b>	<b>79 626</b>	<b>126 340</b>	<b>48 861</b>	<b>101 421</b>
Balance of changes in prepaid expenses	1 999	2 113	2 754	3 053
Balance of changes in deferred revenues	77 685	124 424	46 107	98 368
Adjustment for prepaid expenses booked on the other side as liabilities	(60)	(200)	-	-
Other adjustments	2	3	-	-
<b>Other adjustments include:</b>	<b>50</b>	<b>8 969</b>	<b>5 120</b>	<b>26 170</b>
Cost of incentive program	-	7 787	5 015	25 968
Estimation of derivative financial instruments	(273)	(273)	-	-
Depreciation aggregated with selling costs, other operating expenses and consortium settlements	537	1 387	52	165
Exchange rate differences	(214)	68	53	37

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

	01.07.2020	Cash flows	Non-cash changes				30.09.2020
			Acquisition of PP&E under lease agreements	Exchange rate differences	Accrued interest	Adoption of dividend payment resolution	
Lease liabilities	19 565	(858)	806	(96)	101	-	19 518
Liabilities associated with purchase of own shares	-	(214 259)	-	-	-	-	(214 259)
Receivables from entitled parties under the incentive program	-	126 124	-	-	-	-	126 124
<b>Total</b>	<b>19 565</b>	<b>(88 993)</b>	<b>806</b>	<b>(96)</b>	<b>101</b>	<b>-</b>	<b>(68 617)</b>

	01.01.2020	Cash flows	Non-cash changes				30.09.2020
			Acquisition of PP&E under lease agreements	Exchange rate differences	Accrued interest	Adoption of dividend payment resolution	
Lease liabilities	19 905	(2 531)	1 839	(1)	306	-	19 518
Liabilities associated with purchase of own shares	-	(214 259)	-	-	-	-	(214 259)
Receivables from entitled parties under the incentive program	-	126 124	-	-	-	-	126 124
<b>Total</b>	<b>19 905</b>	<b>(90 666)</b>	<b>1 839</b>	<b>(1)</b>	<b>306</b>	<b>-</b>	<b>(68 617)</b>

	01.07.2019	Cash flows	Non-cash changes				30.09.2019
			Acquisition of PP&E under lease agreements	Exchange rate differences	Accrued interest	Adoption of dividend payment resolution	
Lease liabilities	11 724	(1 730)	176	252	136	-	10 558
<b>Total</b>	<b>11 724</b>	<b>(1 730)</b>	<b>176</b>	<b>252</b>	<b>136</b>	<b>-</b>	<b>10 558</b>

	01.01.2019	Cash flows	Non-cash changes				30.09.2019
			Acquisition of PP&E under lease agreements	Exchange rate differences	Accrued interest	Adoption of dividend payment resolution	
Lease liabilities	409	(5 160)	14 692	153	464	-	10 558
Liabilities due to shareholders in association with dividend payments	-	(100 926)	-	-	-	100 926	-
<b>Total</b>	<b>409</b>	<b>(106 086)</b>	<b>14 692</b>	<b>153</b>	<b>464</b>	<b>100 926</b>	<b>10 558</b>

### Note 31. Events following the balance sheet date

On 5 October 2020, in [Current Report no. 51/2020](#) the Management Board announced that Cyberpunk 2077 had completed its certification process on Microsoft Xbox and Sony PlayStation platforms, and had consequently gone gold, paving the way to production of physical carrier media for the abovementioned platforms.

On 27 October 2020, in [Current Report no. 53/2020](#) the Management Board announced that the release of Cyberpunk 2077 would be postponed until 10 December 2020.

On 17 November 2020, in [Current Report no. 57/2020](#) the Management Board announced that 4 534 624 thousand Series M shares had been conditionally approved for registration in the Central Securities Repository of Poland (KDPW). Final registration of the aforementioned shares will occur within three days of KDPW having received a document to the effect that these shares have been admitted to the regulated market of the Warsaw Stock Exchange, but not earlier than on the admission date specified in the aforementioned document. These shares were issued in the course of exercising entitlements assigned to participants of the Incentive Program in force at the Group between 2016 and 2019 (see Note 27 for further details).



CD PROJEKT

## Supplementary information

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# 5

## Legal proceedings

No important legal, arbitration or administrative proceedings involving the Company or its subsidiaries were initiated in the reporting period. Additionally, no important changes occurred with regard to other litigation disclosed in the semiannual statement for the first half of 2020.

## Shareholding 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 <sup>1</sup>	10 486 106	10.91%
Piotr Nielubowicz	6 135 197	6.38%
Other shareholders	67 348 697	70.07%

<sup>1</sup> As disclosed in [Current Report no. 49/2016](#) of 6 December 2016

The percentage share in the share capital of the parent entity and votes controlled at the General Meeting by the above listed parties was determined on the basis of the most recent notifications received by the Company in relation to the Company share capital as of the publication date of this financial statement.

### Changes in shareholding structure of the parent entity

Not applicable.

## 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 01.01.2020	As of 30.09.2020	As of 25.11.2020
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	37 650	37 650	37 650
Piotr Karwowski	Board Member	8 000	3 100	-
Katarzyna Szwarc	Chairwoman of the Supervisory Board	10	10	10
Maciej Nielubowicz	Supervisory Board Member	51	51	51



Between 4 and 24 September 2020, in the framework of the Incentive Program instituted by resolution no. 21 of the Ordinary General Meeting of 24 May 2016 and the Terms and Conditions of the Incentive Program for 2016-2019 adopted on the basis of the aforementioned resolution (hereinafter referred to as “the Program”), as well as resolutions no. 20 and 21 of the Ordinary General Meeting of 28 July 2020, individuals enrolled in the Program, including members of the Company Management Board, sold Company shares which they had previously acquired under the Program. This resale of own shares previously bought from the Company served to provide Program participants with a source of funding with which to finance the vesting of remaining entitlements assigned to them under the Program, including remittance of the issue price of Series M shares claimed in the exercise of rights incorporated by subscription warrants, along with discharge of the corresponding fiscal liabilities. These transactions should not be regarded as undertaken in the scope of individual investment-related decisions on the part of Company executives – rather, they resulted from their enrollment in the Program and their net outcome did not affect the quantity of Company shares held by Management Board members at the close of the reporting period.

In [Current Report no. 46/2020](#) of 25 September 2020 the Company announced a series of stock purchase transactions carried out by Management Board members in the exercise of rights incorporated by subscription warrants which had previously been assigned to those members under the incentive program in force at the Group between 2016 and 2019:

- Adam Kiciński exercised the rights from 723 520 Series B subscription warrants and consequently acquired 723 520 shares of the parent Company,
- Marcin Iwiński exercised the rights from 723 520 Series B subscription warrants and consequently acquired 723 520 shares of the parent Company,
- Piotr Nielubowicz exercised the rights from 723 520 Series B subscription warrants and consequently acquired 723 520 shares of the parent Company,
- Adam Badowski exercised the rights from 542 640 Series B subscription warrants and consequently acquired 542 640 shares of the parent Company,
- Piotr Karwowski exercised the rights from 108 728 Series B subscription warrants and consequently acquired 108 728 shares of the parent Company,
- Michał Nowakowski exercised the rights from 542 640 Series B subscription warrants and consequently acquired 542 640 shares of the parent Company.

As of the publication date of this statement the Company is awaiting finalization of registration of Series M shares in the Central Securities Repository of Poland.

In [Current Report no. 48/2020](#) of 29 September 2020 the Company announced that one of its Management Board members had sold Company stock. In line with the notification received by the Company on 29 September 2020, Mr. Piotr Karwowski had sold 3 100 shares of the parent Company on the regulated market of the Warsaw Stock Exchange, at an average price of 404.98 PLN per share.

Persons discharging managerial and executive responsibilities at CD PROJEKT S.A. do not directly hold any shares of entities affiliated with CD PROJEKT S.A.

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## Validation of published projections

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



**CD PROJEKT**

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

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**6**

## Condensed interim separate profit and loss account

	Note	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019
<b>Sales revenues</b>		<b>62 840</b>	<b>318 598</b>	<b>61 033</b>	<b>198 714</b>
Revenues from sales of products		58 874	286 974	45 400	149 860
Revenues from sales of services		366	1 316	2 453	34 992
Revenues from sales of goods and materials		3 600	30 308	13 180	13 862
<b>Cost of products, services, goods and materials sold</b>		<b>8 021</b>	<b>41 979</b>	<b>15 411</b>	<b>28 391</b>
Cost of products and services sold		5 270	17 235	4 813	17 132
Value of goods and materials sold		2 751	24 744	10 598	11 259
<b>Gross profit (loss) from sales</b>		<b>54 819</b>	<b>276 619</b>	<b>45 622</b>	<b>170 323</b>
Selling costs		21 415	71 443	18 358	55 319
General and administrative costs		6 106	26 832	9 200	38 636
Other operating revenues		2 050	6 502	4 357	6 654
Other operating expenses		1 913	8 721	3 924	5 293
(Impairment)/reversal of impairment of financial instruments		2	(73)	1	4
<b>Operating profit (loss)</b>		<b>27 437</b>	<b>176 052</b>	<b>18 498</b>	<b>77 733</b>
Financial revenues		3 038	12 486	3 077	7 946
Financial expenses		3 187	7 313	96	355
<b>Profit (loss) before tax</b>		<b>27 288</b>	<b>181 225</b>	<b>21 479</b>	<b>85 324</b>
Income tax	A	4 105	16 768	4 625	16 924
<b>Net profit (loss)</b>		<b>23 183</b>	<b>164 457</b>	<b>16 854</b>	<b>68 400</b>
<b>Net earnings per share (in PLN)</b>					
Basic for the reporting period		0.24	1.71	0.18	0.71
Diluted for the reporting period		0.23	1.64	0.17	0.68



## Condensed interim separate statement of comprehensive income

	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019
<b>Net profit (loss)</b>	<b>23 183</b>	<b>164 457</b>	<b>16 854</b>	<b>68 400</b>
<b>Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria</b>	<b>226</b>	<b>318</b>	-	-
Estimation of financial instruments at fair value through other comprehensive income, adjusted for tax effects	226	318	-	-
<b>Other comprehensive income which will not be entered as profit (loss)</b>	-	-	-	-
<b>Total comprehensive income</b>	<b>23 409</b>	<b>164 775</b>	<b>16 854</b>	<b>68 400</b>

## Condensed interim separate statement of financial position

	Note	30.09.2020	30.06.2020	31.12.2019
<b>FIXED ASSETS</b>		<b>838 668</b>	<b>800 583</b>	<b>645 312</b>
Property, plant and equipment		101 821	101 551	100 684
Intangibles		111 256	111 939	109 573
Expenditures on development projects		494 596	455 848	360 030
Investment properties		47 571	47 616	44 960
Investments in subsidiaries	F	24 039	24 039	23 830
Prepaid expenses		5 759	5 800	3 519
Other financial assets	F	53 617	53 784	2 650
Other receivables	E,F	9	6	66
<b>WORKING ASSETS</b>		<b>672 383</b>	<b>698 075</b>	<b>670 056</b>
Inventories		12 346	12 122	8 485
Trade receivables	E,F	48 202	67 265	124 853
Current income tax receivables		-	13 926	19 236
Other receivables	E	57 870	58 464	67 252
Prepaid expenses		13 112	3 722	2 112
Other financial assets	F	86 146	114 561	1 037
Cash and cash equivalents	F	154 661	113 469	14 186
Bank deposits (maturity beyond 3 months)	F	300 046	314 546	432 895
<b>TOTAL ASSETS</b>		<b>1 511 051</b>	<b>1 498 658</b>	<b>1 315 368</b>



	Note	30.09.2020	30.06.2020	31.12.2019*
<b>EQUITY</b>		<b>1 041 978</b>	<b>1 221 221</b>	<b>1 071 925</b>
Share capital	21**	96 120	96 120	96 120
Supplementary capital		688 573	748 324	748 324
Other reserve capital		92 828	62 677	54 655
Retained earnings		-	172 826	-
Net profit (loss) for the reporting period		164 457	141 274	172 826
<b>LONG-TERM LIABILITIES</b>		<b>20 322</b>	<b>22 416</b>	<b>24 459</b>
Other financial liabilities	F	15 355	15 547	15 915
Other liabilities		3 233	3 293	3 421
Deferred income tax provisions	A	578	2 420	4 870
Deferred revenues		910	910	7
Provisions for employee benefits and similar liabilities		246	246	246
<b>SHORT-TERM LIABILITIES</b>		<b>448 751</b>	<b>255 021</b>	<b>218 984</b>
Other financial liabilities	F	1 930	1 510	1 432
Trade liabilities	F	19 412	20 214	25 067
Current income tax liabilities		7 707	-	-
Other liabilities		117 917	11 111	5 051
Deferred revenues		269 334	194 116	151 595
Provisions for employee benefits and similar liabilities		2	2	2
Other provisions		32 449	28 068	35 837
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 511 051</b>	<b>1 498 658</b>	<b>1 315 368</b>

\* adjusted

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

## Condensed interim statement of changes in separate equity

	Share capital	Supplementary capital	Own shares	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
<b>01.01.2020 – 30.09.2020</b>							
<b>Equity as of 01.01.2020</b>	<b>96 120</b>	<b>748 324</b>	-	<b>54 655</b>	<b>172 826</b>	-	<b>1 071 925</b>
Cost of incentive program	-	-	-	7 930	-	-	7 930
Dissolution of reserve capital created in past years and earmarked for purchase of own shares	-	549	-	(549)	-	-	-
Creation of reserve capital for purchase of own shares	-	(250 000)	-	250 000	-	-	-
Purchase of own shares in the framework of implementing the incentive program	-	214 259	(214 259)	(214 259)	-	-	(214 259)
Payment in own shares	-	(197 385)	214 259	(5 267)	-	-	11 607
Allocation of net profit/coverage of losses	-	172 826	-	-	(172 826)	-	-
Total comprehensive income	-	-	-	318	-	164 457	164 775
<b>Equity as of 30.09.2020</b>	<b>96 120</b>	<b>688 573</b>	-	<b>92 828</b>	-	<b>164 457</b>	<b>1 041 978</b>



	Share capital	Supplementary capital	Own shares	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
<b>01.01.2019 – 30.09.2019</b>							
<b>Equity as of 01.01.2019</b>	<b>96 120</b>	<b>739 799</b>	-	<b>26 145</b>	<b>109 451</b>	-	<b>971 515</b>
Cost of incentive program	-	-	-	26 219	-	-	26 219
Allocation of net profit/coverage of losses	-	8 525	-	-	(8 525)	-	-
Dividend payments	-	-	-	-	(100 926)	-	(100 926)
Total comprehensive income	-	-	-	-	-	68 400	68 400
<b>Equity as of 30.09.2019</b>	<b>96 120</b>	<b>748 324</b>	-	<b>52 364</b>	-	<b>68 400</b>	<b>965 208</b>

## Condensed interim separate statement of cash flows

	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019
<b>OPERATING ACTIVITIES</b>				
<b>Net profit (loss)</b>	<b>23 183</b>	<b>164 457</b>	<b>16 854</b>	<b>68 400</b>
<b>Total adjustments:</b>	<b>94 448</b>	<b>214 077</b>	<b>115 738</b>	<b>106 627</b>
Depreciation of PP&E, intangibles, development projects and investment properties	1 415	3 938	1 392	3 806
Depreciation of development projects recognized as cost of products and services sold	4 992	16 189	4 445	14 401
Profit (loss) from exchange rate differences	1 473	2 501	(74)	(63)
Interest and profit sharing	(1 333)	(5 361)	(2 012)	(6 733)
Profit (loss) from investment activities	(990)	(4 689)	(410)	(1 231)
Change in provisions	2 969	(2 878)	3 602	(5 629)
Change in inventories	(224)	(3 861)	(7 514)	(7 604)
Change in receivables	27 018	99 616	54 244	(16 626)
Change in liabilities excluding credits and loans	(7 347)	(6 061)	11 921	8 910
Change in other assets and liabilities	65 809	105 202	45 212	91 907
Other adjustments	666	9 481	4 932	25 489
<b>Cash flows from operating activities</b>	<b>117 631</b>	<b>378 534</b>	<b>132 592</b>	<b>175 027</b>
Income tax on profit (loss) before taxation	460	13 096	4 625	16 924
Withholding tax paid abroad	3 645	3 672	-	-
Income tax (paid)/reimbursed	19 278	9 481	(4 816)	(19 496)
<b>Net cash flows from operating activities</b>	<b>141 014</b>	<b>404 783</b>	<b>132 401</b>	<b>172 455</b>
<b>INVESTMENT ACTIVITIES</b>				
<b>Inflows</b>	<b>362 564</b>	<b>630 221</b>	<b>202 368</b>	<b>726 868</b>
Development expenditures reimbursed under the consortium agreement	-	185	-	16 122
Reimbursement of advance payment for investment properties and perpetual usufruct of land	-	-	-	1 667
Sales of PP&E and intangibles	-	15	-	130
Repayment of loans granted	261	834	199	10 069
Closing bank deposits (maturity beyond 3 months)	314 546	577 228	200 061	691 804
Maturation of bonds	45 135	45 135	-	-
Interest on bonds	-	33	-	-
Inflows from forward contracts	1 194	1 194	-	-
Other inflows from investment activities	1 428	5 597	2 108	7 076



<b>Outflows</b>	<b>373 618</b>	<b>804 585</b>	<b>256 338</b>	<b>737 039</b>
Purchases of intangibles and PP&E	2 611	14 061	4 524	10 070
Expenditures on development projects	50 077	160 207	41 671	97 394
Purchase of investment properties and activation of future costs	2 623	6 716	147	9 201
Capital contributions to subsidiary	-	-	1 200	3 500
Loans granted	1 000	3 000	1 358	11 399
Purchase of bonds and the associated purchasing costs	17 261	176 214	-	-
Opening bank deposits (maturity beyond 3 months)	300 046	444 379	207 438	605 475
Other outflows from investment activities	-	8	-	-
<b>Net cash flows from investment activities</b>	<b>(11 054)</b>	<b>(174 364)</b>	<b>(53 970)</b>	<b>(10 171)</b>

**FINANCIAL ACTIVITIES**

<b>Inflows</b>	<b>126 124</b>	<b>126 124</b>	<b>146</b>	<b>435</b>
Net inflows from sale of own shares and issue of stock in the exercise of options granted under the incentive program	126 124	126 124	-	-
Collection of receivables arising from financial lease agreements	-	-	140	412
Interest collected	-	-	6	23
<b>Outflows</b>	<b>214 892</b>	<b>216 068</b>	<b>1 457</b>	<b>105 442</b>
Purchase of own shares in order to enable exercise of options granted under the incentive program	214 259	214 259	-	-
Dividends and other payments due to equity holders	-	-	-	100 926
Payment of liabilities arising from lease agreements	557	1 589	1 356	4 158
Interest payments	76	220	101	358
<b>Net cash flows from financial activities</b>	<b>(88 768)</b>	<b>(89 944)</b>	<b>(1 311)</b>	<b>(105 007)</b>
<b>Total net cash flows</b>	<b>41 192</b>	<b>140 475</b>	<b>77 120</b>	<b>57 277</b>
<b>Balance of changes in cash and cash equivalents</b>	<b>41 192</b>	<b>140 475</b>	<b>77 120</b>	<b>57 277</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>113 469</b>	<b>14 186</b>	<b>21 306</b>	<b>41 149</b>
<b>Cash and cash equivalents at end of period</b>	<b>154 661</b>	<b>154 661</b>	<b>98 426</b>	<b>98 426</b>

**Clarifications regarding the separate statement of cash flows**

	<b>01.07.2020 – 30.09.2020</b>	<b>01.01.2020 – 30.09.2020</b>	<b>01.07.2019 – 30.09.2019</b>	<b>01.01.2019 – 30.09.2019</b>
<b>The “other adjustments” line item comprises:</b>	<b>666</b>	<b>9 481</b>	<b>4 932</b>	<b>25 489</b>
Cost of incentive program	-	7 721	4 740	25 012
Depreciation aggregated with selling costs, other operating expenses and consortium settlements	666	1 760	192	477

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## Comparability of financial statements and changes in accounting policies

The accounting practices applied in preparing this condensed interim separate financial statement, the Management Board's professional judgment concerning the Company's accounting practices as well as the main sources of uncertainty in estimations are in all material aspects consistent with the practices applied in preparing the Separate Financial Statement of CD PROJEKT S.A. for 2019, 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 2019.

### Changes in accounting policies

Changes in accounting practices applicable to the Company are in all matters analogous to those described in the section titled "Assumption of comparability of financial statements and changes in accounting policies" of the consolidated financial statement for the period between 1 July and 30 September 2020.

### Presentation adjustments

This condensed interim separate financial statement for the period between 1 July and 30 September 2020 incorporates certain adjustments in the presentation of financial data. In order to ensure comparability of financial data in the reporting period, the following adjustments were introduced in the presentation of reference data for 31 December 2019:

- In the statement of financial position for 31 December 2019 the presentation of fees received was adjusted as follows:
  - Other long-term liabilities – adjusted by 81 thousand PLN,
  - Other short-term liabilities – adjusted by (81) thousand PLN.

This change has no effect on the reported financial result or equity.

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

Changes in allowances and provisions in the condensed interim separate financial statement of CD PROJEKT S.A. for the period between 1 July and 30 September 2020 are as follows:

- 2 thousand PLN – dissolution of impairment allowances for other reasons,
- 578 thousand PLN – creation of other provisions,
- 673 thousand PLN – reduction in other provisions due to partial use,
- 4 476 thousand PLN – creation of provisions for compensation dependent on financial result.

## A. Deferred income tax

### Negative temporary differences requiring recognition of deferred tax assets

	31.12.2019	Differences affecting deferred tax aggregated with financial result	Differences affecting deferred tax aggregated with other comprehensive income	30.09.2020
Provisions for other employee benefits	248	-	-	248
Provisions for compensation dependent on financial result	22 297	(703)	-	21 594
Negative exchange rate differences	391	17 249	-	17 640
Difference between balance sheet value and tax value of expenditures on development projects	6 958	319	-	7 277
Compensation and social security payable in future reporting periods	42	(34)	-	8
Other provisions	2 528	(2 468)	-	60
R&D tax relief	9 963	-	-	9 963
Advance payments recognized as taxable income	11 107	5 957	-	17 064
<b>Total negative temporary differences</b>	<b>53 534</b>	<b>20 320</b>	<b>-</b>	<b>73 854</b>
subject to 5% tax rate	37 561	5 633	-	43 194
subject to 19% tax rate	15 973	14 687	-	30 660
<b>Deferred tax assets</b>	<b>4 913</b>	<b>3 073</b>	<b>-</b>	<b>7 986</b>

### Positive temporary differences requiring creation of deferred tax provisions

	31.12.2019*	Differences affecting deferred tax aggregated with financial result	Differences affecting deferred tax aggregated with other comprehensive income	30.09.2020
Difference between net balance sheet value and net tax value of PP&E and intangibles	12 762	847	-	13 609
Revenues obtained in the current period but invoiced in future periods	86 042	(60 744)	-	25 298
Positive exchange rate differences	174	14 897	-	15 071
Estimation of bonds	-	51	392	443
Estimation of forward contracts	-	5 761	-	5 761
Difference between balance sheet value and tax value of expenditures on development projects	7 721	(3 830)	-	3 891
Other sources	145	(71)	-	74
<b>Total positive temporary differences</b>	<b>106 844</b>	<b>(43 089)</b>	<b>392</b>	<b>64 147</b>
subject to 5% tax rate	75 122	(49 239)	-	25 883
subject to 19% tax rate	31 722	6 150	392	38 264
<b>Deferred tax provisions</b>	<b>9 783</b>	<b>(1 293)</b>	<b>74</b>	<b>8 564</b>

\* adjusted

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

### Net balance of deferred tax assets/provisions

	30.09.2020	30.06.2020	31.12.2019
Deferred tax assets	7 986	6 590	4 913
Deferred tax provisions	8 564	9 010	9 783
<b>Net deferred tax – assets/(provisions)</b>	<b>(578)</b>	<b>(2 420)</b>	<b>(4 870)</b>

### Income tax reported in profit and loss account

	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019
Current income tax, including:	6 000	21 134	11 238	24 128
- withholding tax paid abroad	3 645	3 672	-	-
Change in deferred income tax	(1 895)	(4 366)	(6 613)	(7 204)
<b>Income tax reported in profit and loss account</b>	<b>4 105</b>	<b>16 768</b>	<b>4 625</b>	<b>16 924</b>

## B. Goodwill

No changes in goodwill occurred between 1 July and 30 September 2020.

## C. Business combinations

The Company did not merge with any other entity between 1 July and 30 September 2020.

## D. Dividends paid out (or declared) and collected

The Company did not collect or pay out any dividends between 1 January and 30 September 2020.

## E. Trade and other receivables

	30.09.2020	30.06.2020	31.12.2019
<b>Gross trade and other receivables</b>	<b>106 915</b>	<b>126 571</b>	<b>192 932</b>
<b>Impairment allowances</b>	<b>834</b>	<b>836</b>	<b>761</b>
<b>Trade and other receivables</b>	<b>106 081</b>	<b>125 735</b>	<b>192 171</b>
from affiliates	4 334	13 442	13 662
from external entities	101 747	112 293	178 509

## Changes in impairment allowances on receivables

	Trade receivables	Other receivables
<b>OTHER ENTITIES</b>		
<b>Impairment allowances as of 01.01.2020</b>	<b>29</b>	<b>732</b>
<b>Increases, including:</b>	<b>81</b>	-
creation of allowances on past-due and contested receivables	81	-
<b>Reductions, including:</b>	<b>8</b>	-
dissolution of impairment allowances due to collection of receivables	2	-
dissolution of impairment allowances for other reasons	6	-
<b>Impairment allowances as of 30.09.2020</b>	<b>102</b>	<b>732</b>

## Current and overdue trade receivables as of 30.09.2020

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
<b>AFFILIATES</b>							
gross receivables	2 654	2 459	195	-	-	-	-
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	-	-	-	-	-	-	-
total expected credit loss	-	-	-	-	-	-	-
<b>Net receivables</b>	<b>2 654</b>	<b>2 459</b>	<b>195</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
<b>OTHER ENTITIES</b>							
gross receivables	45 650	45 253	255	-	-	31	111
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	102	-	-	-	-	-	102
total expected credit loss	102	-	-	-	-	-	102
<b>Net receivables</b>	<b>45 548</b>	<b>45 253</b>	<b>255</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>9</b>
<b>Total</b>							
gross receivables	48 304	47 712	450	-	-	31	111
impairment allowances	102	-	-	-	-	-	102
<b>Net receivables</b>	<b>48 202</b>	<b>47 712</b>	<b>450</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>9</b>

## Other receivables

	30.09.2020	30.06.2020	31.12.2019*
<b>Other gross receivables, including:</b>	<b>58 611</b>	<b>59 202</b>	<b>68 050</b>
tax returns except corporate income tax	22 248	30 035	38 170
advance payments associated with expenditures on development projects	25 060	14 565	8 087
advance payments for supplies	7 987	10 048	16 323
consortium settlements	1 680	3 420	4 137
deposits	278	297	195
advance payments for PP&E and intangibles	331	-	377
advance payments for investment properties	271	90	-
employee settlements	3	-	7
settlements with management board members	1	-	2
other	20	15	20
<b>Impairment allowances</b>	<b>732</b>	<b>732</b>	<b>732</b>
<b>Other receivables, including:</b>	<b>57 879</b>	<b>58 470</b>	<b>67 318</b>
short-term receivables	57 870	58 464	67 252
long-term receivables	9	6	66

\* adjusted

## F. Disclosure of financial instruments

### Fair value of financial instruments per class

The Company Board has assessed each class of financial instruments held by the Company and reached the conclusion that their carrying amount does not significantly differ from their corresponding fair value as of 30 September 2020, 30 June 2020 and 31 December 2019 respectively.

	30.09.2020	30.06.2020	31.12.2019
<b>LEVEL 1</b>			
<b>Assets estimated at fair value</b>			
<b>Financial assets estimated at fair value through other comprehensive income</b>	<b>78 762</b>	<b>108 422</b>	-
foreign government bonds – CHF	12 603	41 458	-
foreign government bonds – EUR	20 426	20 157	-
foreign government bonds – USD	45 733	46 807	-
<b>LEVEL 2</b>			
<b>Assets estimated at fair value through financial result</b>			
<b>Derivative instruments:</b>	<b>5 569</b>	<b>5 243</b>	-
forward currency contracts – CHF	1 677	1 980	-
forward currency contracts – EUR	(77)	478	-
forward currency contracts – USD	3 969	2 785	-

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

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

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

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

### Financial assets – classification and estimation

	30.09.2020	30.06.2020	31.12.2019*
<b>Financial assets estimated at amortized cost</b>	<b>558 350</b>	<b>549 966</b>	<b>575 687</b>
Other long-term receivables	9	6	66
Trade receivables	48 202	67 265	124 853
Cash and cash equivalents	154 661	113 469	14 186
Bank deposits (maturity beyond 3 months)	300 046	314 546	432 895
State Treasury bonds	49 522	49 456	-
Loans granted	5 910	5 224	3 687
<b>Financial assets estimated at fair value through other comprehensive income</b>	<b>78 762</b>	<b>108 422</b>	<b>-</b>
Foreign government bonds	78 762	108 422	-
<b>Financial assets estimated at fair value through financial result</b>	<b>5 569</b>	<b>5 243</b>	<b>-</b>
Derivative financial instruments	5 569	5 243	-
<b>Capital market instruments estimated at purchase price</b>	<b>24 039</b>	<b>24 039</b>	<b>23 830</b>
Shares in subsidiaries	24 039	24 039	23 830
<b>Total financial assets</b>	<b>666 720</b>	<b>687 670</b>	<b>599 517</b>

\* adjusted

### Financial liabilities – classification and estimation

	30.09.2020	30.06.2020	31.12.2019
<b>Financial liabilities held at amortized cost</b>	<b>36 697</b>	<b>37 271</b>	<b>42 414</b>
Trade liabilities	19 412	20 214	25 067
Other financial liabilities	17 285	17 057	17 347

## G. Transactions with affiliates

	Sales to affiliates				Purchases from affiliates			
	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019	01.07.2020 – 30.09.2020	01.01.2020 – 30.09.2020	01.07.2019 – 30.09.2019	01.01.2019 – 30.09.2019
<b>SUBSIDIARIES</b>								
GOG sp. z o.o.	1 170	6 866	1 811	6 590	165	340	162	202
CD PROJEKT Inc.	173	460	76	76	9 819	13 110	1 232	3 341
CD PROJEKT Co., Ltd.	-	-	-	-	783	2 611	1 464	3 099
Spokko sp. z o.o.	187	318	61	206	-	-	-	-
CD PROJEKT RED STORE sp. z o.o.	279	935	234	492	2	45	2	2
<b>MANAGEMENT BOARD MEMBERS</b>								
Marcin Iwiński	3	6	2	12	-	-	-	-
Adam Kiciński	1	3	1	6	-	-	-	-
Piotr Nielubowicz	1	4	3	6	-	-	-	-
Michał Nowakowski	2	8	5	10	-	-	-	-
Adam Badowski	1	4	1	3	-	-	-	-

	Receivables from affiliates			Liabilities due to affiliates		
	30.09.2020	30.06.2020	31.12.2019	30.09.2020	30.06.2020	31.12.2019
<b>SUBSIDIARIES</b>						
GOG sp. z o.o.	3 719	6 389	6 970	20 796	17 171	12 917
CD PROJEKT Inc.	2 078	8 608	8 471	383	352	594
CD PROJEKT Co., Ltd.	-	-	-	257	409	246
Spokko sp. z o.o.	3 069	2 045	48	-	-	-
CD PROJEKT RED STORE sp. z o.o.	1 377	1 624	1 858	-	51	21
<b>MANAGEMENT BOARD MEMBERS</b>						
Marcin Iwiński	1	-	-	18 316*	-	3
Adam Kiciński	-	-	1	18 315*	-	1
Piotr Nielubowicz	-	-	-	18 315*	-	-
Michał Nowakowski	-	-	1	13 736*	-	-
Adam Badowski	-	-	-	13 736*	-	-
Piotr Karwowski	-	-	-	2 698*	-	-
<b>GROUP MEMBER COMPANY EXECUTIVES</b>						
Oleg Klapovskiy	-	-	-	817*	-	-
Urszula Jach - Jaki	-	-	-	123*	-	-

\* These liabilities concern mainly payment for shares which are to be issued in the framework of the incentive program in force at the Group between 2016 and 2019.

## Statement of the Management Board of the parent entity

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

Pursuant to the directive of the Finance Minister of 29 March 2018 regarding the publication of periodic and current reports by issuers of securities and the conditions for regarding as equivalent the information required under the laws of a non-member state (Journal of Laws of the Republic of Poland, 2018, item no. 757), the Management Board of the parent entity hereby states that, to the best of its knowledge, this condensed interim consolidated financial statement and comparative data contained herein have been prepared in accordance with all accounting regulations applicable to the CD PROJEKT Group and that they constitute a true, unbiased and clear description of the finances and assets of the Group as well as its current profit and loss balance.

This condensed interim consolidated financial statement conforms to International Financial Reporting Standards (IFRS) approved by the European Union and in force as of 1 January 2020 and 1 June 2020. 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, 2019, item no. 351 as amended) and to any secondary legislation based on said Act, as well as to the directive of the Finance Minister of 29 March 2018 regarding the publication of periodic and current reports by issuers of securities and the conditions for regarding as equivalent the information required under the laws of a non-member state (Journal of Laws of the Republic of Poland, 2018, item no. 757).

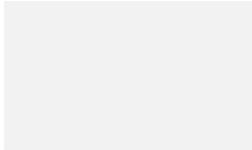
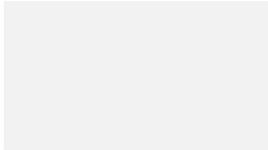
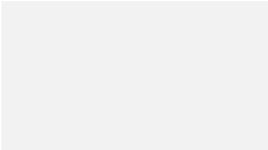
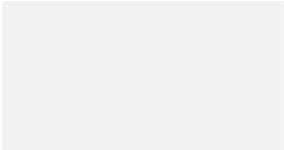
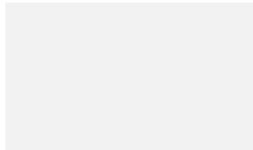
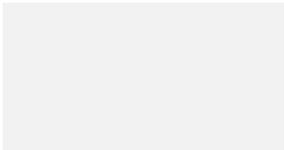
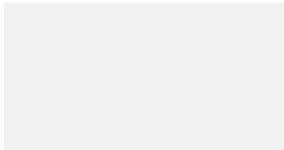
### With regard to the entity contracted to review the condensed interim consolidated financial statement

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

## Approval of financial statement

This financial statement covering the period between 1 July and 30 September 2020 was signed and approved for publication by the Management Board of CD PROJEKT S.A. on 25 November 2020.

Warsaw, 25 November 2020

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



