



CD PROJEKT®

**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENT OF THE CD PROJEKT GROUP
FOR THE PERIOD BETWEEN 1 JANUARY AND 31 MARCH 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 - 31.03.2020	01.01.2019 - 31.03.2019	01.01.2020 - 31.03.2020	01.01.2019 - 31.03.2019
Revenues from sales of products, services, goods and materials	192 972	80 878	43 894	18 818
Cost of products, services, goods and materials sold	47 491	28 691	10 802	6 676
Operating profit (loss)	97 625	20 495	22 206	4 769
Profit (loss) before tax	100 958	22 670	22 964	5 275
Net profit (loss) attributable to equity holders of parent entity	91 979	17 731	20 922	4 126
Net cash flows from operating activities	187 225	(2 042)	42 587	(475)
Net cash flows from investment activities	(90 031)	54 839	(20 479)	12 760
Net cash flows from financial activities	(1 010)	(1 667)	(230)	(388)
Total net cash flows	96 184	51 130	21 878	11 897
Stock volume (thousands)	96 120	96 120	96 120	96 120
Net earnings per share (PLN/EUR)	0.96	0.18	0.22	0.04
Diluted net earnings per share (PLN/EUR)	0.91	0.18	0.21	0.04
Book value per share (PLN/EUR)	12.51	11.50	2.75	2.67
Diluted book value per share (PLN/EUR)	11.92	10.16	2.62	2.36
Declared or paid out dividend per share (PLN/EUR)	-	1.05	-	0.24

	PLN		EUR	
	31.03.2020	31.12.2019	31.03.2020	31.12.2019
Total assets	1 524 712	1 404 108	334 932	329 719
Liabilities and provisions for liabilities (less accrued charges)	138 168	136 729	30 351	32 107
Long-term liabilities	23 090	25 158	5 072	5 908
Short-term liabilities	299 401	273 299	65 769	64 177
Equity	1 202 221	1 105 651	264 091	259 634
Share capital	96 120	96 120	21 115	22 571

The 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 NBP. The corresponding exchange rates were: 4.3963 PLN/EUR for the period between 1 January and 31 March 2020, and 4.2978 PLN/EUR for the period between 1 January and 31 March 2019 respectively.
- Assets and liabilities listed in the consolidated statement of financial positions were converted into EUR by applying the exchange rate for the final day of the reporting period, as published by the National Bank of Poland. These exchange rates were: 4.5523 PLN/EUR on 31 March 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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Condensed interim consolidated profit and loss account

	Note	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019
Sales revenues		192 972	80 878
Revenues from sales of products	16	137 220	50 870
Revenues from sales of services	16	319	48
Revenues from sales of goods and materials	16	55 433	29 960
Cost of products, services, goods and materials sold		47 491	28 691
Cost of products and services sold	17	7 677	6 983
Cost of goods and materials sold	17	39 814	21 708
Gross profit (loss) from sales		145 481	52 187
Selling costs	17	34 557	22 222
General and administrative costs	17	11 771	9 677
Other operating revenues	18	2 090	483
Other operating expenses	18	3 538	277
(Impairment)/reversal of impairment of financial instruments		(80)	1
Operating profit (loss)		97 625	20 495
Financial revenues	19	3 440	2 548
Financial expenses	19	107	373
Profit (loss) before tax		100 958	22 670
Income tax	10	8 979	4 939
Net profit (loss)		91 979	17 731
Net profit/(loss) attributable to parent entity		91 979	17 731
Net earnings per share (in PLN)			
Basic for the reporting period		0.96	0.18
Diluted for the reporting period		0.91	0.18

The aggregate **Sales revenues** of the CD PROJEKT Group in the first quarter of 2020 reached 192 972 thousand PLN, having increased by 138.6% compared to the reference period in 2019.

The most significant contribution to the reported revenues was from **Revenues from sales of products** (increase by 169.7% compared to Q1 2019), which comprise mainly:

- licensing royalties associated with continuing strong sales of The Witcher 3: Wild Hunt and its expansions – Hearts of Stone and Blood and Wine;
- licensing royalties associated with the Nintendo Switch edition of The Witcher 3: Wild Hunt, released on 15 October 2019;
- sales carried out in the framework of GWENT: The Witcher Card Game (including its mobile Android edition, released in the current quarter) and licensing royalties associated with digital distribution of Thronebreaker: The Witcher Tales (including distribution of its new Nintendo Switch release).

Another important contribution came from **Revenues from sales of goods and materials** (85% increase), which comprises mainly:

- revenues obtained through digital distribution of videogames licensed from external suppliers, carried out on the GOG.com platform;
- revenues obtained by the CD PROJEKT RED Studio in association with supplying distributors with elements of physical editions of the Studio's own products (carrier media, boxes etc.) – particularly elements of the collector's edition of Cyberpunk 2077 as well as The Witcher 3: Wild Hunt for Nintendo Switch;
- revenues from sales of tie-in products and CD PROJEKT RED merchandise via the online store at www.store.cdprojektred.com.

The **Costs of products and services sold** by the CD PROJEKT Group in the first quarter of 2020 represents mainly depreciation of development expenses associated with GWENT: The Witcher Card Game and Thronebreaker: The Witcher Tales, which commenced following their release in October 2018, as well as depreciation of development expenses associated with The Witcher 3: Wild Hunt for Nintendo Switch, launched in October 2019.

The reported **Cost of goods and materials sold** represents mostly the costs of goods sold on the GOG.com platform, the costs of physical components of the Studio's videogames and – to a lesser degree – the costs of selling goods to final customers via the merch store at www.store.cdprojektred.com.

Regarding costs, the largest contribution to the aggregate figure in Q1 2020 was from **Selling costs** (55.5% increase), which comprise mainly the Group's marketing expenses incurred in each activity segment. The bulk of the reported figure corresponds to the CD PROJEKT RED segment and includes, in particular, marketing activities related to Cyberpunk 2077 as well as (to a lesser degree) GWENT: The Witcher Card Game.

Another important contribution to the overall selling costs was from maintenance, upkeep and further development of GWENT: The Witcher Card Game, whose mobile edition for Android device premiered on 24 March 2020. These costs are split between CD PROJEKT RED and GOG.com in line with the relevant consortium agreement.

In the GOG.com segment selling costs correspond mostly to development and processing sales by the digital distribution platform, transaction fees related to ongoing sales as well as marketing activities which promote the GOG.com platform.

The reported line item also includes remuneration (both fixed and result-dependent) of the Group's internal publishing departments as well as bought-in sales support services.

The main component of the reported **General and administrative expenses** at the Group (which increased by 21.6%) involved remuneration and provisions for remuneration dependent on the Group's result (including expenses associated with implementation of the incentive program which fall within the reporting period), along with the costs of other bought-in services which qualify as general and administrative expenses. The reported increase compared to the first quarter of 2019 was mainly due to the revision (carried out at the end of H1 2019) of projections regarding the expected attainment of the goals of the incentive program in force at the CD PROJEKT RED segment, which necessitated settlement of the program's costs over a shorter period than originally anticipated.

The reported increase in **Other operating revenues** is due to recognition of revenues from partial leasing of the immovable property at Jagiellońska 74, purchased in Q4 2019. The recognition of office space maintenance and depreciation costs resulted in a corresponding increase in **Other operating expenses**, although the main reason behind the increased expenses was the Company's support for the fight against COVID-19, including a donation in the amount of 2 million PLN to an anti-COVID-19 fund managed by the Great Orchestra of Christmas Charity Foundation (Wielka Orkiestra Świątecznej Pomocy).

The Group's consolidated **Gross profit** for the first quarter of 2020 reached 100 958 thousand PLN, and was 345.3% greater than in the corresponding reference period.

Income tax incurred during the reporting period was 8 979 thousand PLN for an effective tax rate of 8.9%. The rate was affected by the Group's eligibility for preferential taxation concerning commercialization of IP (the so-called IP BOX preference).

The Group's consolidated **Net profit** for the first quarter of 2020 was 91 979 thousand PLN, which represents an increase by 418.7% (74 248 thousand PLN) compared to the reference period. As a result, the first quarter of 2020 was the best Q1 period in the Group's to-date history. This is due to record sales (in terms of Q1 results) both at CD PROJEKT RED and GOG.com, coupled with the strengthening of foreign currencies (USD and EUR) against PLN, observed near the end of the reporting period – a factor which favors exporters.

Condensed interim consolidated statement of comprehensive income

	01.01.2020 – 31.03.2020	01.03.2019 – 31.03.2019
Net profit/(loss)	91 979	17 731
Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria	594	15
Exchange rate differences from valuation of foreign entities	594	15
Other comprehensive income which will not be entered as profit (loss)	-	-
Total comprehensive income	92 573	17 746
Total comprehensive income attributable to minority interests	-	-
Total comprehensive income attributable to equity holders of CD PROJEKT S.A.	92 573	17 746

Condensed interim consolidated statement of financial position

	Note	31.03.2020	31.12.2019	31.03.2019*
FIXED ASSETS		727 765	679 097	438 408
Tangible assets	2	105 947	105 267	33 126
Intangibles	4	59 533	59 763	49 905
Expenditures on development projects	4	435 784	385 848	264 351
Investment properties	6	46 402	44 960	13 033
Goodwill	4,5	56 438	56 438	56 438
Shares in affiliates excluded from consolidation	15	8 099	8 025	4 381
Deferred income tax assets	10	-	-	4 833
Deferrals	9	15 143	18 730	11 771
Other receivables	8,15	419	66	570
WORKING ASSETS		796 947	725 011	707 213
Inventories	7	22 874	12 862	379
Fixed assets held for sale	3	-	-	49
Trade receivables	8,15	76 658	129 573	29 832
Current income tax receivables		17 245	20 349	515
Other receivables	8	46 380	60 370	41 471
Deferrals	9	23 470	19 556	12 676
Cash and cash equivalents	15	145 590	49 406	155 508
Bank deposits (maturity beyond 3 months)	15	464 730	432 895	466 783
TOTAL ASSETS		1 524 712	1 404 108	1 145 621

* adjusted data

In the first quarter of 2020 the Group's **Fixed assets** were mainly influenced by the reported increase in the aggregate **Expenditures on development projects**, which concern development of new videogames and technologies (subsequently depreciated over time). This increase is mainly due to ongoing development of Cyberpunk 2077, which has entered its final, most intensive pre-release development phase.

The breakdown of the Group's other **Fixed assets** did not undergo marked changes over the first quarter of 2020.

Regarding **Inventories**, the reported increase at the CD PROJEKT RED segment was mainly due to the following:

- a) manufacturing of components of physical editions of Cyberpunk 2077 (standard and collector's edition), scheduled for release in September 2020,
- b) manufacturing of components of physical editions of The Witcher 3: Wild Hunt for Nintendo Switch, released in October 2019.

The Group's **Trade receivables** decreased by the end of March 2020 compared to the year-end 2019 figure, mainly due to collection of receivables previously reported for the final quarter of 2019 during which the Group realized strong sales (translating into an increase in year-end trade receivables).

The decrease in **Other receivables** compared to the end of December 2019 was mainly due to a decrease in VAT settlement balance (including VAT settlements related to purchase of the immovable property at Jagiellońska 74). Additionally, this line item was affected by an increase in the balance of current receivables from withholding tax deducted at source by foreign recipients of CD PROJEKT S.A. licenses, reportable by the Company in its annual tax statement, along with an increase in the aggregate value of advances remitted by CD PROJEKT RED in association with future deliveries of goods and services.

The aggregate **Prepaid expenses** (both long- and short-term) was mostly influenced by the so-called minimum guarantees, i.e. prepayments and advances remitted by GOG sp. z o.o. to external suppliers in association with licensing royalties on videogames marketed on GOG.com.

At the end of the reporting period the Group held a total of 610 320 thousand PLN in **Cash assets** and **Bank deposits (maturity beyond 3 months)**, which represents an increase by 128 019 thousand PLN compared to the 2019 year-end figure.

	Note	31.03.2020	31.12.2019	31.03.2019*
EQUITY		1 202 221	1 105 651	1 023 562
Equity attributable to shareholders of the parent entity		1 202 221	1 105 651	1 023 562
Share capital	21	96 120	96 120	96 120
Supplementary capital		780 951	780 951	739 724
Other reserve capital		58 654	54 657	29 097
Exchange rate differences		1 492	898	1 027
Retained earnings		173 025	(2 290)	139 863
Net profit (loss) for the reporting period		91 979	175 315	17 731
Minority interest equity		-	-	-
LONG-TERM LIABILITIES		23 090	25 158	14 524
Other financial liabilities	15	17 821	17 751	7 218
Other liabilities	13	3 280	3 340	-
Deferred income tax liabilities	10	859	2 935	-
Deferred revenues	14	362	364	7 116
Provisions for employee benefits and similar liabilities	11	255	255	190
Other provisions	12	513	513	-
SHORT-TERM LIABILITIES		299 401	273 299	107 535
Other financial liabilities	15	2 352	2 154	6 212
Trade liabilities	15	50 742	59 866	41 075
Current income tax liabilities		173	118	22
Other liabilities	13	7 889	11 122	4 787
Deferred revenues	14	183 961	161 364	30 369
Provisions for employee benefits and similar liabilities	11	2	2	2
Other provisions	12	54 282	38 673	25 068
TOTAL EQUITY AND LIABILITIES		1 524 712	1 404 108	1 145 621

* adjusted data



At the end of Q1 2020 the CD PROJEKT Group's **Equity** reached 1 202 221 thousand PLN, with the reported increase resulting mainly from current-period net profit.

The breakdown and aggregate value of the Group's **Long-term liabilities** did not undergo appreciable changes during the reporting period.

Short-term liabilities increased in comparison with the 2019 year-end figure, while **Trade liabilities** and **Other liabilities** decreased. These changes are related to the reported increase in **Deferred revenues** and **Other provisions**.

The Group's **Deferred revenues** comprise mainly:

a) in the CD PROJEKT RED segment – future period sales:

- the so-called minimum guarantees, i.e. advance payments related to royalties on products scheduled for release in future periods, either received or receivable from publishers and distributors;
- royalties related to preorders of digital editions of PC videogames scheduled for release in future periods, either received or receivable;

b) in the GOG.com segment – aggregate value of preorders of videogames scheduled for release in future reporting periods;

c) in the CD PROJEKT RED segment – deferrals related to state subsidies;

d) in the GOG.com segment – deferrals related to settlements with the Company's clients (including Store Credit and Wallet contributions).

At the end of the reporting period the bulk of the Group's deferred revenues related to Cyberpunk 2077 and items a) and b) described above.

Other provisions correspond mainly to future liabilities, particularly outstanding settlements related to compensation dependent on the Group's financial result in 2019 and Q1 2020.

The aggregate value of **Trade liabilities** as of 31 March 2020 comprised mainly GOG.com liabilities payable to suppliers of products distributed via the online platform, and – to a lesser extent – liabilities payable to suppliers of goods and services at CD PROJEKT S.A. and the Group's other member companies. The reported change is mainly related to a reduction in liabilities at CD PROJEKT S.A.

At the end of March 2020 the Group's **Other liabilities** comprised mostly current tax liabilities (VAT, PIT) and social security liabilities.

Condensed interim statement of changes in consolidated equity

	Share capital	Supplementary capital	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Parent entity shareholders' equity	Total equity
01.01.2020 – 31.03.2020								
Equity as of 01.01.2020	96 120	780 951	54 657	898	173 025	-	1 105 651	1 105 651
Cost of incentive program	-	-	3 997	-	-	-	3 997	3 997
Total comprehensive income	-	-	-	594	-	91 979	92 573	92 573
Equity as of 31.03.2020	96 120	780 951	58 654	1 492	173 025	91 979	1 202 221	1 202 221

	Share capital	Supplementary capital	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Parent entity shareholders' equity	Total equity
01.01.2019 – 31.12.2019								
Equity as of 01.01.2019	96 120	739 724	26 145	1 012	139 863	-	1 002 864	1 002 864
Cost of incentive program	-	-	28 512	-	-	-	28 512	28 512
Allocation of net profit/coverage of losses	-	41 227	-	-	(41 227)	-	-	-
Dividend payments	-	-	-	-	(100 926)	-	(100 926)	(100 926)
Total comprehensive income	-	-	-	(114)	-	175 315	175 201	175 201
Equity as of 31.12.2019	96 120	780 951	54 657	898	(2 290)	175 315	1 105 651	1 105 651



	Share capital	Supplementary capital	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Parent entity shareholders' equity	Total equity
01.01.2019 – 31.03.2019								
Equity as of 01.01.2019	96 120	739 724	26 145	1 012	139 863	-	1 002 864	1 002 864
Cost of incentive program	-	-	2 952	-	-	-	2 952	2 952
Total comprehensive income	-	-	-	15	-	17 731	17 746	17 746
Equity as of 31.03.2019	96 120	739 724	29 097	1 027	139 863	17 731	1 023 562	1 023 562

Condensed interim statement of cash flows

	Note	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019*
OPERATING ACTIVITIES			
Net profit (loss)		91 979	17 731
Total adjustments:	29	94 177	(18 365)
Depreciation of fixed assets, intangibles, expenditures on development projects and investment properties		1 906	1 984
Depreciation of expenditures on development projects recognized as cost of products and services sold		7 291	6 947
Interest and profit sharing		(2 488)	(2 373)
Profit (loss) from investment activities		(12)	(139)
Change in provisions		9 802	668
Change in inventories		(10 012)	(121)
Change in receivables		73 052	(16 717)
Change in liabilities excluding credits and loans		(12 460)	(13 560)
Change in other assets and liabilities		22 189	2 029
Other adjustments		4 909	2 917
Cash flows from operating activities		186 156	(634)
Income tax on pre-tax profit (loss)		8 979	4 939
Income tax (paid)/reimbursed		(7 910)	(6 347)
Net cash flows from operating activities		187 225	(2 042)
INVESTMENT ACTIVITIES			
Inflows		246 667	260 446
Reimbursement of advance payment for investment properties and perpetual usufruct of land		-	1 667
Sales of intangibles and tangible fixed assets		12	-
Closing bank deposits (maturity beyond 3 months)		244 063	256 231
Other inflows from investment activities		2 592	2 548
Outflows		336 698	205 607
Purchases of intangibles and other fixed assets		5 463	2 285
Expenditures on development projects		54 300	25 183
Purchase of investment properties and activation of future costs		1 037	9 017
Capital contributions to subsidiary		-	1 100
Opening bank deposits (maturity beyond 3 months)		275 898	168 022
Net cash flows from investment activities		(90 031)	54 839

FINANCIAL ACTIVITIES

Inflows	-	6
Collection of receivables arising from financial lease agreements	-	6
Outflows	1 010	1 673
Payment of liabilities arising from lease agreements	906	1 498
Interest payments	104	175
Net cash flows from financial activities	(1 010)	(1 667)
Total net cash flows	96 184	51 130
Change in cash and cash equivalents on balance sheet	96 184	51 130
Cash and cash equivalents at beginning of period	49 406	104 378
Cash and cash equivalents at end of period	145 590	155 508

* adjusted data

During the first quarter of 2020 the CD PROJEKT Group reported positive **Net cash flows from operating activities** in the amount of 187 225 thousand PLN. The continuing strong sales of The Witcher videogames, along with strong sales results posted by GOG.com enabled the Group to post 91 979 in net profit for Q1 2020, establishing a strong base for operating cash flows. This base was subsequently adjusted by the following:

- a) Non-cash items:
 - **Change in provisions**, resulting mainly from creation of provisions for compensation dependent on current-period financial results,
 - **Expenditures on development projects recognized as cost of products and services sold** – mainly depreciation of development work related to GWENT: The Witcher Card Game, Thronebreaker: The Witcher Tales and The Witcher 3: Complete Edition for Nintendo Switch,
 - **Other adjustments**, where the Group's member companies report mostly settlement of costs related to the incentive program,
 - **Depreciation**.
- b) Items reflecting changes in working assets and short-term liabilities:
 - **Change in receivables**, particularly the reduction in trade receivables related to collection of licensing royalties previously reported in Q4 2019,
 - **Change in other assets and liabilities**, mainly deferred revenues, the bulk of which comes from the Cyberpunk 2077 preorder campaign launched in June 2019,
 - **Change in liabilities excluding credits and loans** which is mostly affected by the reduction in trade liabilities,
 - **Change in inventories** which increased in value mainly due to manufacturing of components of physical editions of Cyberpunk 2077.
- c) An item presented elsewhere in the cash flow statement: **Interest and profit sharing**.
- d) The difference between the income tax reported in the profit and loss statement and the income tax actually paid during the first quarter of 2020.

The main contribution to the aggregate balance of **Net cash flows from investment activities** for Q1 2020 was from **Expenditures on development projects**, with a value of 54 300 thousand PLN (mainly expenses related to development of Cyberpunk 2077 and other products in the CD PROJEKT RED segment, as well as development of new technologies in the GOG.com segment). Additionally, the Group's investment activities carried out in Q1 2020 include purchases of other fixed assets, valued at 6 500 thousand PLN.

Throughout the reporting period the Group's member companies carried on with their policy of actively investing surplus operating cash in bank deposits. The aggregate value of bank deposits with maturity periods in excess of 3 months created during the reporting period (represented as outflows) was 275 898 thousand PLN, while the value of bank deposits reaching maturity and reverting to current accounts (represented as inflows) was 244 063 thousand PLN. Consequently, the balance of bank deposits with maturity periods beyond 3 months increased by 31 835 thousand PLN. Interest accrued on these deposits is aggregated with **Other inflows from investment activities**.

During the reporting period the CD PROJEKT Group did not generate significant **Net cash flows from financial activities**. The reported value of **Payment of liabilities arising from lease agreements** was mainly related to office space lease agreements.

In the first quarter of 2020 the balance of the Group's **Cash and cash equivalents** increased by 96 184, while the aggregate value of bank deposits with maturity periods longer than 3 months increased by 31 835 thousand PLN. Altogether, the total balance of the Group's cash assets and bank deposits increased by 128 019 thousand PLN compared to the end of 2019.



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Clarifications regarding the condensed interim consolidated financial statement

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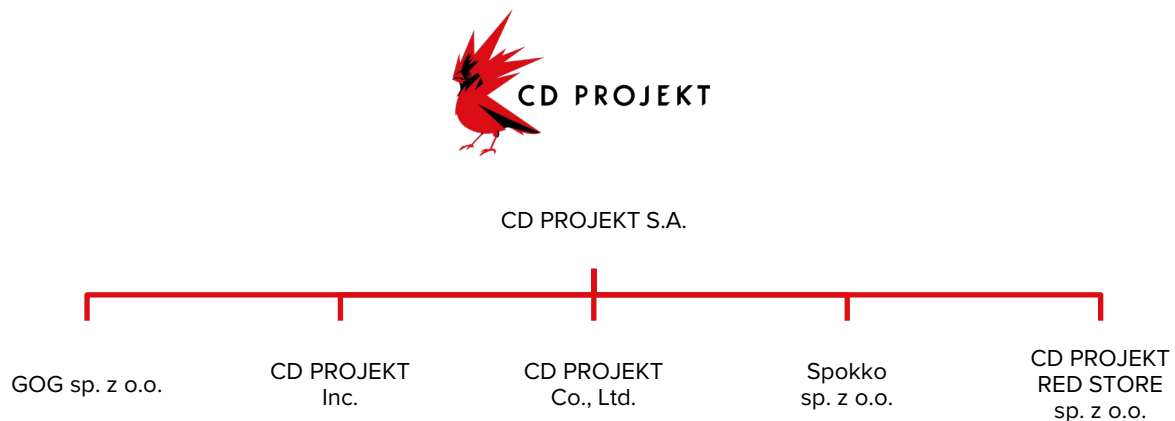


General information

Name:	CD PROJEKT S.A.
Legal status:	Joint-stock company
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.	

Structure of the Group

Affiliates



Consolidation principles

Entities subjected to consolidation

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

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

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

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

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

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

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

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

Subsidiaries

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

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

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

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

Basis for the preparation of the condensed interim consolidated financial statement

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

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

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 January and 30 March 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.

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 31 March 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,
- **IFRS 17** *Insurance Contracts* - applicable to reporting periods beginning on or after 1 January 2021.
- 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 January 2023.

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

Functional currency and presentation currency

Functional currency and presentation currency

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

Transactions and balances

Transactions denominated in foreign currencies are converted to the functional currency 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.

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.

Change in composition of companies subjected to consolidation

The Group's financial statement for the period between 1 July and 30 September 2019 marked the first time the Group subjected CD PROJEKT RED STORE sp. z o.o. to consolidation. In order to maintain comparability of financial data, the reference data for 31 March 2019 reported in this statement was adjusted in such a way as to include CD PROJEKT RED STORE sp. z o.o. in consolidation throughout the reference period.

Presentation changes

This condensed interim consolidated financial statement for the period between 1 January and 31 March 2020 includes certain adjustments in the presentation of financial data, introduced in order to maintain comparability of financial statements. The following presentation changes have been introduced with regard to financial data for the reference period between 1 January and 31 March 2019 as well as for 31 March 2019:

- In the statement of financial position for 31 March 2019 and in the statement of cash flows for the period between 1 January and 31 March 2019 the presentation of future period revenues was adjusted as follows:
 - Statement of financial position for 31 March 2019
 - Other liabilities – adjusted by (26 117) thousand PLN
 - Deferred revenues – adjusted by 26 117 thousand PLN.
 - Statement of cash flows for the period between 1 January and 31 March 2019
 - Changes in liabilities excluding credits and loans – adjusted by (3 513) thousand PLN
 - Changes in other assets and liabilities – adjusted by 3 513 thousand PLN.

These changes have no impact on the Group's financial result or equity.

- In the statement of financial position for 31 March 2019 and in the statement of cash flows for the period between 1 January and 31 March 2019 the presentation of prepaid expenses was adjusted as follows:
 - Statement of financial position for 31 March 2019
 - Prepaid expenses – short-term – adjusted by (11 256) thousand PLN
 - Other receivables – short-term – adjusted by (515) thousand PLN
 - Prepaid expenses – long-term – adjusted by 11 771 thousand PLN.
 - Statement of cash flows for the period between 1 January and 31 March 2019
 - Changes in receivables – adjusted by 515 thousand PLN
 - Changes in other assets and liabilities – adjusted by (515) thousand PLN.

These changes have no impact on the Group's financial result or equity.

- In the statement of financial position for 31 March 2019 the presentation of perpetual usufruct of land was adjusted as follows:
 - Perpetual usufruct of land – adjusted by (3 478) thousand PLN
 - Investment properties – adjusted by 3 478 thousand PLN.

These changes have no impact on the Group's financial result or equity.

Financial audit

This condensed interim consolidated financial statement with elements of the condensed interim separate financial statement was not submitted to a formal review or audit by a licensed 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.

Disclosure of activity segments

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.com		
01.01.2020 – 31.03.2020				
Sales revenues	147 774	48 993	(3 795)	192 972
sales to external clients	143 979	48 993	-	192 972
sales between segments	3 795	-	(3 795)	-
Segment net profit (loss)	90 048	1 921	10	91 979

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.com		
01.01.2019 – 31.03.2019				
Sales revenues	49 661	33 767	(2 550)	80 878
sales to external clients	47 111	33 767	-	80 878
sales between segments	2 550	-	(2 550)	-
Segment net profit (loss)	19 251	(1 520)	-	17 731

Segmented consolidated profit and loss account for the period between 01.01.2020 and 31.03.2020

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
Sales revenues	147 774	48 993	(3 795)	192 972
Revenues from sales of products	133 089	2 968	1 163	137 220
Revenues from sales of services	1 354	-	(1 035)	319
Revenues from sales of goods and materials	13 331	46 025	(3 923)	55 433
Cost of products, services, goods and materials sold	17 043	33 553	(3 105)	47 491
Cost of products and services sold	6 538	1 484	(345)	7 677
Cost of goods and materials sold	10 505	32 069	(2 760)	39 814
Gross profit (loss) from sales	130 731	15 440	(690)	145 481
Selling costs	24 588	10 572	(603)	34 557
General and administrative costs	10 419	1 426	(74)	11 771
Other operating revenues	2 349	128	(387)	2 090
Other operating expenses	3 790	135	(387)	3 538
(Impairment)/reversal of impairment of financial instruments	(80)	-	-	(80)
Operating profit (loss)	94 203	3 435	(13)	97 625
Financial revenues	4 403	86	(1 049)	3 440
Financial expenses	105	1 078	(1 076)	107
Profit (loss) before taxation	98 501	2 443	14	100 958
Income tax	8 453	522	4	8 979
Net profit (loss)	90 048	1 921	10	91 979
Net profit (loss) attributable to equity holders of parent entity	90 048	1 921	10	91 979

Segmented consolidated profit and loss account for the period between 01.01.2019 and 31.03.2019

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
Sales revenues	49 661	33 767	(2 550)	80 878
Revenues from sales of products	48 126	1 874	870	50 870
Revenues from sales of services	971	-	(923)	48
Revenues from sales of goods and materials	564	31 893	(2 497)	29 960
Cost of products, services, goods and materials sold	6 140	24 488	(1 937)	28 691
Cost of products and services sold	5 590	1 703	(310)	6 983
Cost of goods and materials sold	550	22 785	(1 627)	21 708
Gross profit (loss) from sales	43 521	9 279	(613)	52 187
Selling costs	13 295	9 498	(571)	22 222
General and administrative costs	8 158	1 561	(42)	9 677
Other operating revenues	683	53	(253)	483
Other operating expenses	488	42	(253)	277
(Impairment)/reversal of impairment of financial instruments	1	-	-	1
Operating profit (loss)	22 264	(1 769)	-	20 495
Financial revenues	2 346	202	-	2 548
Financial expenses	268	105	-	373
Profit (loss) before taxation	24 342	(1 672)	-	22 670
Income tax	5 091	(152)	-	4 939
Net profit (loss)	19 251	(1 520)	-	17 731
Net profit (loss) attributable to equity holders of parent entity	19 251	(1 520)	-	17 731



Commentary regarding the results of GOG.com

The value of **Revenues from sales of goods and materials** in the GOG.com segment for the first quarter of 2020 increased in comparison with the reference period from 31 893 thousand PLN to 46 025 thousand PLN (i.e. by 44%), which, coupled with the slight increase in gross sales profitability (from 28.6% to 30.3%) drove up the profit margin on sales of goods and materials to 13 956 thousand PLN (i.e. by 53.2% compared to Q1 2019). These revenues were obtained primarily by selling videogames on the GOG.com platform and in the GOG Galaxy application. In this scope the first quarter of 2020 was the best Q1 period in the segment's to-date history.

Revenues from sales of products and the corresponding **Cost of products and services sold** are mainly related to GOG.com's share in sales and depreciation of GWENT and Thronebreaker development expenses, both of which are split between GOG.com and CD PROJEKT RED in line with their consortium agreement.

The reported increase in **Selling costs** by 1 074 thousand PLN (11.3%) compared to Q1 2019 is mainly due to costs which reflect the increased sales volume – i.e. transaction processing, hosting and CDN servers responsible for delivery of content to the end users.

The segment's revenues were offset by **Financial costs** in the amount of 1 078 thousand PLN – primarily negative exchange rate differences related to GOG sp. z o.o. liabilities denominated in foreign currencies, resulting from the significant weakening of PLN against such currencies towards the end of Q1 2020.

Altogether, the **Net profit** of the GOG.com segment for the first quarter of 2020 reached 1 921 thousand PLN, compared to a net loss posted for the corresponding period in 2019.

Segmented consolidated statement of financial position as of 31.03.2020

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
FIXED ASSETS	701 702	45 010	(18 947)	727 765
Tangible assets	103 948	4 161	(2 162)	105 947
Intangible assets	59 125	408	-	59 533
Expenditures on development projects	409 084	26 719	(19)	435 784
Investment properties	46 402	-	-	46 402
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	14 701	-	(14 701)	-
Shares in subsidiaries excluded from consolidation	8 099	-	-	8 099
Deferred income tax assets	-	2 065	(2 065)	-
Prepaid expenses	3 520	11 623	-	15 143
Other receivables	385	34	-	419
WORKING ASSETS	742 897	72 515	(18 465)	796 947
Inventories	22 874	-	-	22 874
Trade receivables	70 998	7 728	(2 068)	76 658
Current income tax receivables	16 543	702	-	17 245
Other receivables	46 448	2 616	(2 684)	46 380
Prepaid expenses	8 651	28 532	(13 713)	23 470
Cash and cash equivalents	112 653	32 937	-	145 590
Bank deposits (maturity beyond 3 months)	464 730	-	-	464 730
TOTAL ASSETS	1 444 599	117 525	(37 412)	1 524 712

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
EQUITY	1 172 798	44 133	(14 710)	1 202 221
Equity attributable to shareholders of the parent company	1 172 798	44 133	(14 710)	1 202 221
Share capital	96 120	136	(136)	96 120
Supplementary capital	748 323	38 143	(5 515)	780 951
Other reserve capital	58 654	1 013	(1 013)	58 654
Exchange rate differences	543	(65)	1 014	1 492
Retained earnings	179 110	2 985	(9 070)	173 025
Net profit (loss) for the reporting period	90 048	1 921	10	91 979
Noncontrolling interest equity	-	-	-	-
LONG-TERM LIABILITIES	24 221	2 672	(3 803)	23 090
Other financial liabilities	17 771	1 792	(1 742)	17 821
Other liabilities	3 280	-	-	3 280
Deferred income tax provisions	2 920	-	(2 061)	859
Deferred revenues	4	358	-	362
Provisions for employee benefits and similar liabilities	246	9	-	255
Other provisions	-	513	-	513
SHORT-TERM LIABILITIES	247 580	70 720	(18 899)	299 401
Other financial liabilities	2 320	466	(434)	2 352
Trade liabilities	16 441	36 346	(2 045)	50 742
Current income tax liabilities	173	-	-	173
Other liabilities	2 501	8 072	(2 684)	7 889
Deferred revenues	174 832	22 842	(13 713)	183 961
Provisions for retirement benefits and similar liabilities	2	-	-	2
Other provisions	51 311	2 994	(23)	54 282
TOTAL EQUITY AND LIABILITIES	1 444 599	117 525	(37 412)	1 524 712

Segmented consolidated statement of financial position as of 31.12.2019

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
FIXED ASSETS	650 260	47 760	(18 923)	679 097
Tangible assets	103 305	4 243	(2 281)	105 267
Intangible assets	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
Deferred income tax assets	-	1 935	(1 935)	-
Prepaid expenses	3 519	15 211	-	18 730
Other receivables	66	-	-	66
WORKING ASSETS	675 818	69 275	(20 082)	725 011
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	62 476	2 031	(4 137)	60 370
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
TOTAL ASSETS	1 326 078	117 035	(39 005)	1 404 108



	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
EQUITY	1 078 159	42 198	(14 706)	1 105 651
Equity attributable to shareholders of the parent company	1 078 159	42 198	(14 706)	1 105 651
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
Noncontrolling interest equity	-	-	-	-
LONG-TERM LIABILITIES	26 156	2 790	(3 788)	25 158
Other financial liabilities	17 694	1 910	(1 853)	17 751
Other liabilities	3 340	-	-	3 340
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
SHORT-TERM LIABILITIES	221 763	72 047	(20 511)	273 299
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	5 152	10 107	(4 137)	11 122
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
TOTAL EQUITY AND LIABILITIES	1 326 078	117 035	(39 005)	1 404 108

Segmented consolidated statement of financial position as of 31.03.2019*

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
FIXED ASSETS	412 734	42 148	(16 474)	438 408
Tangible assets	30 335	2 791	-	33 126
Intangible assets	49 201	704	-	49 905
Expenditures on development projects	239 907	24 447	(3)	264 351
Investment properties	13 033	-	-	13 033
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	16 471	-	(16 471)	-
Shares in subsidiaries excluded from consolidation	4 381	-	-	4 381
Deferred income tax assets	2 398	2 435	-	4 833
Prepaid expenses	-	11 771	-	11 771
Other receivables	570	-	-	570
WORKING ASSETS	670 616	48 952	(12 355)	707 213
Inventories	379	-	-	379
Fixed assets held for sale	49	-	-	49
Trade receivables	21 649	9 205	(1 022)	29 832
Current income tax receivables	218	297	-	515
Other receivables	48 917	3 887	(11 333)	41 471
Prepaid expenses	1 798	10 878	-	12 676
Cash and cash equivalents	130 823	24 685	-	155 508
Bank deposits (maturity beyond 3 months)	466 783	-	-	466 783
TOTAL ASSETS	1 083 350	91 100	(28 829)	1 145 621

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
EQUITY	1 000 558	39 478	(16 474)	1 023 562
Equity attributable to shareholders of the parent company	1 000 558	39 478	(16 474)	1 023 562
Share capital	96 120	136	(136)	96 120
Supplementary capital	739 798	5 441	(5 515)	739 724
Other reserve capital	29 097	2 782	(2 782)	29 097
Exchange rate differences	78	(65)	1 014	1 027
Retained earnings	116 214	32 704	(9 055)	139 863
Net profit (loss) for the reporting period	19 251	(1 520)	-	17 731
Noncontrolling interest equity	-	-	-	-
LONG-TERM LIABILITIES	14 290	234	-	14 524
Other financial liabilities	7 173	45	-	7 218
Deferred revenues	6 933	183	-	7 116
Provisions for employee benefits and similar liabilities	184	6	-	190
SHORT-TERM LIABILITIES	68 502	51 388	(12 355)	107 535
Other financial liabilities	5 687	525	-	6 212
Trade liabilities	11 546	30 500	(971)	41 075
Current income tax liabilities	22	-	-	22
Other liabilities	1 217	14 903	(11 333)	4 787
Deferred revenues	26 299	4 070	-	30 369
Provisions for retirement benefits and similar liabilities	2	-	-	2
Other provisions	23 729	1 390	(51)	25 068
TOTAL EQUITY AND LIABILITIES	1 083 350	91 100	(28 829)	1 145 621

* adjusted data



Activity segments

In the first 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.

Key products

The Studio's main product portfolio currently includes videogames: The Witcher, The Witcher 2: Assassins of Kings and The Witcher 3: Wild Hunt, along with its two expansions: Hearts of Stone and Blood and Wine.

In 2018 the Studio released the full version of GWENT: The Witcher Card Game, developed in collaboration with GOG.com, as well as Thronebreaker: The Witcher Tales, based on similar gameplay mechanisms.

In Q4 2019 the Company released The Witcher 3: Wild Hunt for Nintendo Switch, while GWENT: The Witcher Card Game debuted on iOS devices.

On 28 January 2020 Thronebreaker: The Witcher Tales came to Nintendo Switch, while on 24 March 2020 GWENT: The Witcher Card Game was made available on Android devices.

CD PROJEKT RED is carrying out with the final stage of development of its most expansive RPG to-date: Cyberpunk 2077. The game features a vibrant, high-tech open world, where players assume the role of V – a cyberpunk who has recently migrated to the most dangerous metropolis of the future: Night City. Cyberpunk 2077 gameplay follows the rules of the Cyberpunk 2020 RPG system created by Mike Pondsmith.

GOG.com

Target and scope of business activity

GOG.com currently ranks among the world's foremost independent digital entertainment distribution platforms, with nearly 3 700 handpicked games licensed from over 600 developers and publishers worldwide. All games are distributed free of cumbersome DRM¹ restrictions. Videogame distribution also takes place via GOG's proprietary technology stack called GOG GALAXY, designed to maximize customer comfort and support a broad range of functionality associated with purchasing, playing and updating videogames offered by GOG.com, including support for online cross-platform gameplay.

The GOG.com platform is 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 carries releases for Windows as well as macOS and Linux operating systems.

The Group relies on GOG.com to market its own products directly to end users – this includes The Witcher and The Witcher 2: Assassins of Kings, The Witcher 3: Wild Hunt (along with its expansion packs – Hearts of Stone and Blood and Wine) and Thronebreaker: The Witcher Tales. Since the announcement of the Cyberpunk 2077 release date (in June 2019), GOG.com also accepts preorders of this game.

The GOG.com team has formed a consortium with CD PROJEKT RED to jointly develop and operate GWENT: The Witcher Card Game. In the framework of this consortium, GOG sp. z o.o. is responsible for in-game sales in the PC edition, along with game's server infrastructure and networking features (in the PC and iOS/Android editions. In addition, GOG GALAXY provides support for in-game sales and payment processing in the PC edition of GWENT, both of which take advantage of GOG.com sales and payment processing features.

¹ Digital Rights Management – general term which refers to technologies restricting who is allowed to access digital content (videogames, music, motion pictures, books) as well as when and how access is permitted.

The GOG.com team is currently working on further development of GOG GALAXY 2.0 which will enable players to integrate all their game shelves into a single library, communicate with friends and track their progress regardless of their preferred gaming platforms. This application is currently in open beta.

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

CD PROJEKT RED

Events related to Cyberpunk 2077

On 16 January 2020 the Management Board of the Company announced that the Cyberpunk 2077 release would be postponed until 17 September 2020. This decision was motivated by the need to secure additional time for playtesting, bugfixing and polishing the game. According to the Company's business philosophy, high product quality is the cornerstone of its commercial success.

Following the close of the reporting period, on 20 April 2020, a limited series of Xbox One X consoles inspired by the Cyberpunk 2077 game world was unveiled. These consoles have been designed by CD PROJEKT RED artists in collaboration with Microsoft.

Events related to The Witcher videogame series

On 28 January 2020 the Company released Thronebreaker: The Witcher Tales for Nintendo Switch. The game is available as a digital download in Nintendo eShop.

On 18 February The Witcher 3: Wild Hunt received an update which enables saved games to be imported from the game's standalone PC edition to Steam and GOG. As a result, gamers who purchase The Witcher 3: Wild Hunt for Nintendo Switch are able to resume games started on the PC edition.

According to Company data, as of the publication date of this financial statement over 50 million copies of The Witcher videogames have been sold.

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

On 13 February 2020 the release date of GWENT: The Witcher Card Game for Android devices was announced. Gamers who had pre-registered on Google Play received – along with a notification of the game's availability – a unique Imperial Golem avatar, available immediately upon logging into the game on their mobile phones or Android tables after the game's release.

Beta tests of GWENT on Android devices were announced on 6 March. Beginning on 10 March, participants of the closed beta tests could try out all features available in the game's final release.

GWENT: The Witcher Card Game was officially released on Android devices on 24 March. This release also enabled cross-play features for all supported platforms, i.e. PC, iOS and Android.

Following the close of the reporting period, on 19 May 2020, GWENT: The Witcher Card Game was published on Steam.

GOG.com

GOG GALAXY 2.0

The first quarter of 2020 was marked by collection and analysis of feedback gathered from participants of the open beta of GOG GALAXY, initiated in December 2019, as well as on work on further updates.

Following the close of the reporting period, on 27 April 2020, the Company released the fifth iteration of GOG GALAXY 2.0. This version enables, among others, viewing and installing games included in subscription packaged, as well as customizing the user library with non-standard sorting criteria.

On 29 April all users of GOG GALAXY 1.2 were automatically upgraded to the newest release of GOG GALAXY 2.0.

Activities related to digital distribution

As of the publication date of this statement, the GOG.com catalogue contains over 3700 titles. Games added in the first quarter of 2020 include, among others, The Surge 2, Styx and Dishonored series, Wolfenstein: The New Order, Wolfenstein: The Old Blood, Tropico 6 and Rimworld, along with indie releases such as Beautiful Desolation, Legend of Keepers and The Legend of Heroes: Trails of Cold Steel III.

The GOG.com team also revitalized some long-unavailable classics, including the eagerly awaited Warhammer: Mark of Chaos and Mortal Kombat 4.

Sales support

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

The Spring Sale carried out in mid-March was the largest spring sale event in the platform's to-date history with regard to the quantity of discounts offered, the number of active customers and the resulting sales volume.

The Spring Sale was also coupled with support for the “stay at home” initiative, which involved free-of-charge access to selected games, artbooks and soundtracks, as well as reminding users about the available freebies. Over the last two weeks of March GOG.com registered over 9 million free content downloads.

Activities related to the COVID-19 pandemic

In March 2020, in light of the increasing threat posed by the coronavirus (COVID-19) pandemic, the Company took preventative action to mitigate the risk of the emergence of an infection cluster within the Group’s organizational structure. The Company moved to invest in additional technical infrastructure and supporting software, securing its potential future needs with regard to network bandwidth, hardware performance and security concerns, with a view towards facilitating remote work for all of its office staff.

Faced with the increasing epidemiological threat, and having secured the necessary technical resources, the Management Board of the Company decided and thereafter successfully enacted a comprehensive shift to the Home Office model, beginning on 16 March 2020, for all employees of the CD PROJEKT Group (except for a skeleton staff performing critical duties at the Group’s offices).

A detailed description of the preparatory and mitigatory actions undertaken by the Company in light of the ongoing pandemic can be found in the [Management Board report on CD PROJEKT Group and CD PROJEKT S.A. activities in 2019](#).

On 25 March CD PROJEKT announced that it would be providing financial support to the fight against the coronavirus pandemic. A total of 4 million PLN was turned over to the Great Orchestra of Christmas Charity Foundation which, drawing upon its organizational skill and longstanding experience, ensured efficient allocation of these funds. Half of this amount was donated directly by CD PROJEKT S.A. while the remainder came from private contributions made by Company shareholders and Management Board members.

Other events

On 24 January 2020 CD PROJEKT obtained a crucial individual interpretation of tax law. Therein, the Director of the National Tax Information Office fully concurred with the Company’s application and affirmed that the Company’s videogames may, for the purposes of applying the IP BOX preference, be regarded as eligible intellectual property consistent with authorship of computer software, as defined by the relevant corporate income tax law. Consequently, a preferential tax rate of 5% may be applied to eligible revenues obtained by the Company in association with commercializing its videogame IP (subject to additional restrictions and exclusions defined in the relevant acts). This interpretation was applied in the calculation of income tax due in 2019 and continues to be applied in this financial statement.

In an investor relations survey carried out by Gazeta Giełdy Parkiet and the Chamber of Brokerage Houses in February 2020 individual investors awarded CD PROJEKT with the highest score from among all surveyed WIG30 companies.

In March CD PROJEKT was named – for the fifth time in a row – the Stock Exchange Company of the Year (for 2019) in a ranking published by Puls Biznesu. Additionally, the Company took first place in the following categories: Management Competence, Investor Relations and Product and Service Innovation.

On 24 March 2020 CD PROJEKT was named WIG20 Company of the Year in the annual Bulls and Bears ranking published by Gazeta Giełdy Parkiet.

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 quarters of 2020, 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 17 September 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. An additional factor which may assist in further development of GOG GALAXY 2.0 is the in-application GOG GALAXY Store, currently in closed beta.

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.

Effect of the COVID-19 pandemic on Q1 2020 sales

The free movement restrictions and stay-at-home orders introduced in many countries undoubtedly serve to increase the popularity of videogames and support their sales, particularly in the context of digital distribution. Nevertheless, given the multitude of factors which may have had a positive effect on the Group's factors in the recent two quarters (including marketing campaigns, releases of new products – The Witcher 3: Wild Hunt for Nintendo Switch, GWENT: The Witcher Card Game for iOS and Android devices and Thronebreaker: The Witcher Tales for Nintendo Switch, debut of The Witcher series on Netflix and the increased time customers spend at their homes due to the pandemic) makes it difficult to accurately gauge the effect of each of these circumstances upon the Group's sales. Taken together, the aforementioned factors, coupled with the Group's other business activities and the weakening of PLN against foreign currencies observed in the second half of March 2020, resulted in a large increase in Q1 2020 sales revenues compared to Q1 2019 results, both at CD PROJEKT RED (198% increase) and at GOG.com (45% increase).

Disclosure of seasonal or cyclical activities

CD PROJEKT RED

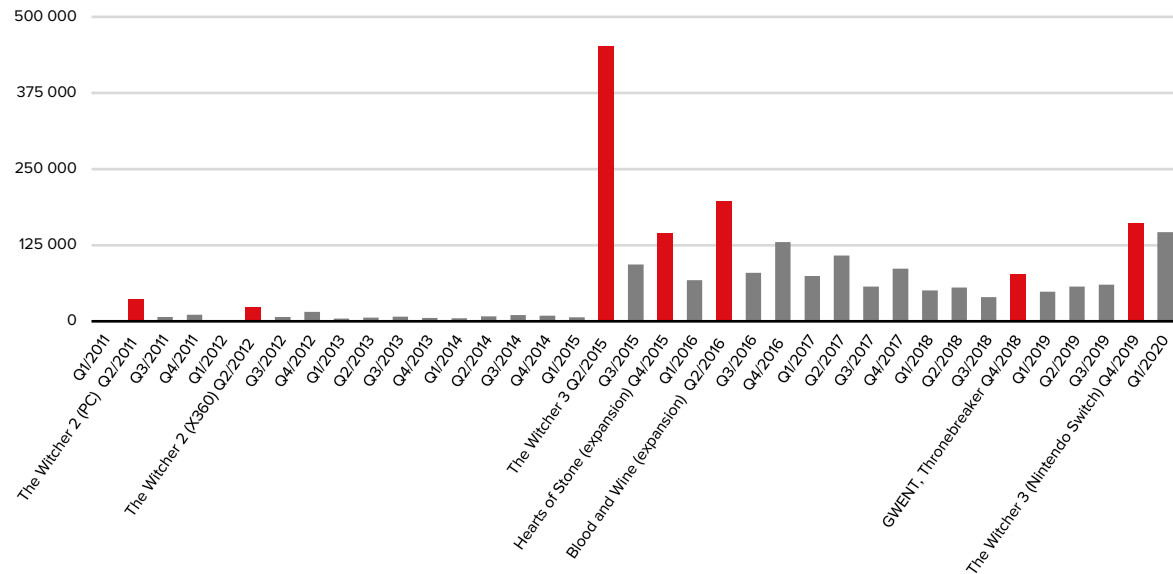
The revenues and financial result of the CD PROJEKT RED segment are strongly affected by the videogame release schedule. CD PROJEKT RED usually takes between 2 and 4 years to produce a game. Initial development work occurs before the previous game in the series is complete and ready to be released.

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

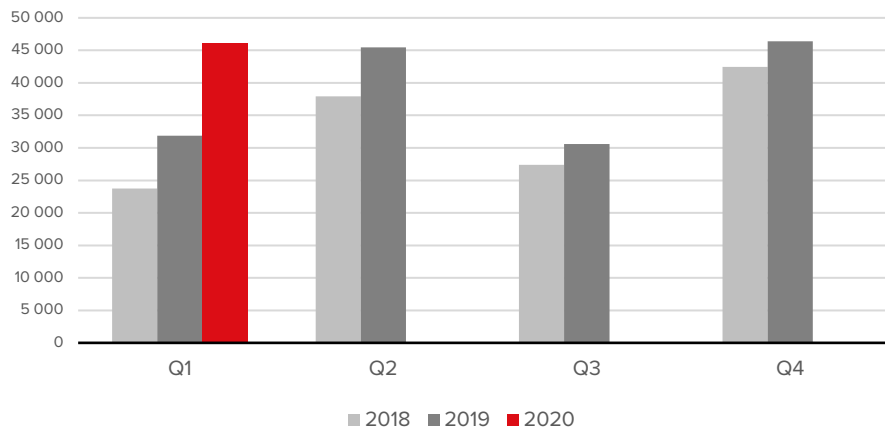
The digital videogame distribution market, which is the main area of activity of GOG.com, is characterized by seasonal fluctuations in revenues. On an annual basis, the highest revenues are typically obtained in the fourth quarter while the lowest revenues correspond to the third quarter. Sales in Q2 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)



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 Q1 2020 generated revenues which exceeded 10% of the consolidated sales revenues of the CD PROJEKT Group – specifically, 39 028 thousand PLN, which corresponds to 20.2% 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. In other activity segments no 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**

4



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

Significant events

In the reporting period the CD PROJEKT Group's results were primarily affected by sales of The Witcher 3: Wild Hunt and its expansions (Hearts of Stone and Blood and Wine), including the game's Nintendo Switch edition released in late 2019. The first quarter of 2020 was marked by the release of Thronebreaker: The Witcher Tales for Nintendo Switch, while towards the end of the reporting period GWENT: The Witcher Card Game was made available – for the first time ever – to owners of mobile Android devices.

In both segments the Group's sales were bolstered by the increased popularity of videogames as a pastime, given the movement restrictions and stay-at-home orders introduced in many countries.

Regarding development, the bulk of the reported expenses were associated with Cyberpunk 2077.

No other unusual circumstances affecting the Group's assets, liabilities, equity, net financial result or cash flows occurred in the first quarter of 2020.

Note 2. Tangible fixed assets

Changes in fixed assets (by category) between 01.01.2020 and 31.03.2020

	Land holdings	Buildings and structures	Civil engineering objects	Machinery and equipment	Vehicles	Other fixed assets	Fixed assets under construction	Total
Gross carrying amount as of 01.01.2020	35 986	65 937	1 587	31 043	2 234	2 623	151	139 561
Increases from:	-	476	-	3 000	890	5	67	4 438
purchase	-	56	-	2 946	-	5	67	3 074
lease agreements concluded	-	66	-	-	880	-	-	946
reclassification from fixed assets under construction	-	-	-	31	-	-	-	31
other	-	354	-	23	10	-	-	387
Reductions from:	-	-	-	62	137	-	31	230
sale	-	-	-	62	137	-	-	199
reclassification from fixed assets under construction	-	-	-	-	-	-	31	31
Gross carrying amount as of 31.03.2020	35 986	66 413	1 587	33 981	2 987	2 628	187	143 769
Depreciation as of 01.01.2020	84	9 322	53	21 945	1 327	1 563	-	34 294
Increases from:	126	1 481	40	1 869	110	101	-	3 727
depreciation	126	1 348	40	1 857	110	101	-	3 582
other	-	133	-	12	-	-	-	145
Reductions from:	-	-	-	62	137	-	-	199
sale	-	-	-	62	137	-	-	199
Depreciation as of 31.03.2020	210	10 803	93	23 752	1 300	1 664	-	37 822
Impairment allowances as of 01.01.2020	-	-	-	-	-	-	-	-
Impairment allowances as of 31.03.2020	-	-	-	-	-	-	-	-
Net carrying amount as of 01.01.2020	35 902	56 615	1 534	9 098	907	1 060	151	105 267
Net carrying amount as of 31.03.2020	35 776	55 610	1 494	10 229	1 687	964	187	105 947

Contractual commitments for future acquisition of fixed assets

	31.03.2020	31.12.2019	31.03.2019
Leasing of passenger cars	310	144	245
Total	310	144	245

Fixed assets held under lease agreements

	31.03.2020		
	Gross carrying amount	Depreciation	Net carrying amount
Land holdings	14 540	106	14 434
Buildings and structures	7 594	2 853	4 741
Vehicles	1 601	217	1 384
Total	23 735	3 176	20 559

	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
Total	22 585	2 559	20 026

	31.03.2019		
	Gross carrying amount	Depreciation	Net carrying amount
Buildings and structures	14 516	1 536	12 980
Vehicles	1 173	334	839
Total	15 689	1 870	13 819

Note 3. Fixed assets held for sale

	31.03.2020	31.12.2019	31.03.2019
Passenger car	-	-	49
Total	-	-	49

One of the passenger cars belonging to the Group was offered for sale. The sale transaction was carried out on 15 April 2019. The sale price, discounted by selling costs, was higher than the corresponding balance sheet value.

Note 4. Intangibles and expenditures on development projects

Changes in intangibles and expenditures on development projects between 01.01.2020 and 31.03.2020

	Development projects in progress	Development projects completed	Trademarks	Patents and licenses	Copyrights	Computer software	Goodwill	Intangibles under construction	Others	Total
Gross carrying amount as of 01.01.2020	337 578	252 469	33 199	3 293	17 718	30 299	56 438	1 228	1	732 223
Increases from:	57 338	746	-	104	-	546	-	389	-	59 123
purchases	-	-	-	104	-	546	-	389	-	1 039
reclassification from development projects in progress	-	746	-	-	-	-	-	-	-	746
own creation	57 338	-	-	-	-	-	-	-	-	57 338
Reductions from:	746	-	-	-	-	-	-	-	-	746
reclassification from development projects in progress	746	-	-	-	-	-	-	-	-	746
Gross carrying amount as of 31.03.2020	394 170	253 215	33 199	3 397	17 718	30 845	56 438	1 617	1	790 600
Depreciation as of 01.01.2020	-	204 199	-	1 610	-	24 364	-	-	1	230 174
Increases from:	-	7 402	-	223	-	1 046	-	-	-	8 671
depreciation	-	7 402	-	223	-	1 046	-	-	-	8 671
Reductions	-	-	-	-	-	-	-	-	-	-
Depreciation as of 31.03.2020	-	211 601	-	1 833	-	25 410	-	-	1	238 845
Impairment allowances as of 01.01.2020	-	-	-	-	-	-	-	-	-	-
Impairment allowances as of 31.03.2020	-	-	-	-	-	-	-	-	-	-
Net carrying amount as of 01.01.2020	337 578	48 270	33 199	1 683	17 718	5 935	56 438	1 228	-	502 049
Net carrying amount as of 31.03.2020	394 170	41 614	33 199	1 564	17 718	5 435	56 438	1 617	-	551 755

Contractual commitments for future acquisition of intangibles

None reported.

Note 5. Goodwill

No changes in goodwill occurred between 1 January and 31 March 2020.



Note 6. Investment properties

On 31 December 2018 the parent Company concluded a purchase agreement concerning one of two immovable properties located at Jagiellońska 76 in Warsaw, directly adjacent to its current headquarters. According to the agreement, the parent Company purchased perpetual usufruct of the land and all buildings and structures located thereupon. The main structure which comprises the property is an office building. As the parent Company intends to lease the property to other entities, it has decided to report it as an investment property.

On 31 October 2019 the parent Company concluded a purchase agreement concerning the immovable property located at Jagiellońska 74 in Warsaw, previously leased by the parent Company as its own headquarters and that of its subsidiaries. According to the agreement, the parent Company purchased perpetual usufruct of the land and all buildings and structures located thereupon. Most structures comprising this property are office buildings. As the Group intends to lease portions of the property to other entities, including other member companies of the CD PROJEKT Group, it has decided to report it as an investment property.

Properties purchased by the Group will be classified at purchase cost less depreciation.

	31.03.2020	31.12.2019	31.03.2019*
Investment property in Warsaw at Jagiellońska street	44 923	44 923	13 033
Activated costs related to the property	2 165	373	-
Gross value of investment properties	47 088	45 296	13 033
Depreciation	686	336	-
Write-downs on investment properties	-	-	-
Net value of investment properties	46 402	44 960	13 033

* adjusted data

Gross carrying amount as of 01.01.2020	45 296
Increases from:	1 792
activation of future costs	1 792
Reductions	-
Gross carrying amount as of 31.03.2020	47 088
Depreciation as of 01.01.2020	336
Increases from:	350
depreciation	350
Reductions	-
Depreciation as of 31.03.2020	686
Net carrying amount as of 31.03.2020	46 402

Contractual commitments for acquisition of investment properties

None reported.

Note 7. Inventories

	31.03.2020	31.12.2019	31.03.2019
Goods	22 681	12 668	370
Other materials	193	194	9
Gross inventories	22 874	12 862	379
Inventory impairment allowances	-	-	-
Net inventories	22 874	12 862	379

Changes in inventory revaluation allowances

None reported.

Note 8. Trade and other receivables

	31.03.2020	31.12.2019	31.03.2019*
Gross trade and other receivables	124 298	190 770	72 784
Impairment allowances	841	761	911
Trade and other receivables	123 457	190 009	71 873
from affiliates	42	52	24
from external entities	123 415	189 957	71 849

* adjusted data

Changes in impairment allowances on receivables

	Trade receivables	Other receivables	Total
OTHER ENTITIES			
Impairment allowances as of 01.01.2020	29	732	761
Increases from:	81	-	81
creation of allowances for past-due and contested receivables	81	-	81
Reductions from:	1	-	1
dissolution of allowances due to collection of receivables	1	-	1
Impairment allowances as of 31.03.2020	109	732	841

Current and overdue trade receivables as of 31.03.2020

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
AFFILIATES							
gross receivables	40	40	-	-	-	-	-
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	-	-	-	-	-	-	-
total expected credit loss	-	-	-	-	-	-	-
Net receivables	40	40	-	-	-	-	-

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	76 727	76 252	328	4	25	4	114
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	109	-	-	-	-	-	109
total expected credit loss	109	-	-	-	-	-	109
Net receivables	76 618	76 252	328	4	25	4	5

Total							
gross receivables	76 767	76 292	328	4	25	4	114
impairment allowances	109	-	-	-	-	-	109
Net receivables	76 658	76 292	328	4	25	4	5

Other receivables

	31.03.2020	31.12.2019	31.03.2019*
Other gross receivables, including:	47 531	61 168	42 773
tax returns except corporate income tax	25 894	40 047	16 304
prepayments associated with expenditures on development projects	13 869	8 087	-
advance payments for supplies	4 643	10 882	24 065
deposits	753	518	1 031
prepayments associated with purchases of fixed assets and intangibles	688	377	-
prepayments associated with licensing liabilities	487	487	592
prepayments associated with purchases of investment properties	407	-	-
employee compensation settlements	36	27	40
other	22	11	9
Impairment allowances	732	732	732
Total other gross receivables	46 799	60 436	42 041
short-term	46 380	60 370	41 471
long-term	419	66	570

* adjusted data

Note 9. Prepaid expenses

	31.03.2020	31.12.2019*	31.03.2019*
Minimum guarantees and advance payments at GOG	25 085	25 857	21 887
Marketing campaign	5 953	5 327	-
Software, licenses	2 157	1 726	1 269
Expenses associated with future marketing activities	1 956	2 000	-
Fees associated with right of first refusal	1 564	1 600	-
Transaction fees	749	672	-
IT security	220	291	410
Non-life insurance	174	258	80
Access to marketing platforms	181	227	-
Fees related to perpetual usufruct of land	128	-	44
Business travel (airfare, accommodation, insurance)	57	82	251
Participation in fairs	3	-	-
Other prepaid expenses	386	246	506
Total prepaid expenses	38 613	38 286	24 447
short-term	23 470	19 556	12 676
long-term	15 143	18 730	11 771

* adjusted data

Note 10. Deferred income tax

Negative temporary differences requiring recognition of deferred tax assets

	31.12.2019	increases	reductions	31.03.2020
Provisions for other employee benefits	258	-	-	258
Provisions for compensation dependent on financial result	24 983	12 327	371	36 939
Tax loss	863	-	863	-
Negative exchange rate differences	705	2 183	708	2 180
Difference between balance sheet value and tax value of expenditures on development projects	6 958	176	23	7 111
Employee compensation and social security expenses payable in future reporting periods	42	48	74	16
Deferred revenues associated with adding funds to virtual wallets and participation in the additional benefits program	1 746	1 931	1 791	1 886
Other provisions	2 999	1 185	3 763	421
R&D tax relief	17 389	-	-	17 389
Advances recognized as taxable income	11 107	4 450	1 600	13 957
Total negative temporary differences	67 050	22 300	9 193	80 157
subject to 5% tax rate	37 561	14 628	1 630	50 559
subject to 19% tax rate	29 489	7 672	7 563	29 598
Deferred tax assets	7 481	2 189	1 519	8 151

Positive temporary differences requiring recognition of deferred tax liabilities

	31.12.2019*	increases	reductions	31.03.2020
Difference between balance sheet value and tax value of fixed assets and intangibles	12 925	533	1	13 457
Income in the current period invoiced in the following period	86 968	67 354	86 768	67 554
Positive exchange rate differences	738	1 138	734	1 142
Difference between balance sheet value and tax value of expenditures on development projects	9 328	898	2 267	7 959
Other sources	216	285	20	481
Total negative temporary differences	110 175	70 208	89 790	90 593
subject to 5% tax rate	75 122	50 568	67 099	58 591
subject to 19% tax rate	35 053	19 640	22 691	32 002
Deferred tax liabilities	10 416	6 260	7 666	9 010

* adjusted data

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

	31.03.2020	31.12.2019	31.03.2019
Deferred tax assets	8 151	7 481	14 490
Deferred tax liabilities	9 010	10 416	9 657
Net deferred tax assets/(liabilities)	(859)	(2 935)	4 833

Income tax reported in profit/loss account

	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019
Current income tax	11 055	7 452
Changes in deferred income tax	(2 076)	(2 513)
Income tax reported in profit/loss account	8 979	4 939

Note 11. Provisions for employee benefits and similar liabilities

	31.03.2020	31.12.2019	31.03.2019
Provisions for retirement benefits and pensions	257	257	192
Total, including:	257	257	192
short-term provisions	2	2	2
long-term provisions	255	255	190

No changes in provisions for employee benefits and similar liabilities occurred between 1 January and 31 March 2020.

Note 12. Other provisions

	31.03.2020	31.12.2019	31.03.2019
Provisions for warranty-covered repairs and returns	-	-	15
Provisions for liabilities, including:	54 795	39 186	25 053
provisions for financial statement audit and review expenses	75	100	-
provisions for bought-in services	386	541	344
provisions for compensation contingent upon the Group's financial result, and other compensation	53 800	36 038	24 520
provisions for other expenses	534	2 507	189
Total, including:	54 795	39 186	25 068
short-term provisions	54 282	38 673	25 068
long-term provisions	513	513	-

Changes in other provisions

	Provisions for compensation contingent upon the Company's financial result and other compensation	Other provisions	Total
As of 01.01.2020	36 038	3 148	39 186
Provisions created during fiscal year	18 149	1 617	19 766
Provisions consumed	387	3 770	4 157
As of 31.03.2020, including:	53 800	995	54 795
short-term provisions	53 287	995	54 282
long-term provisions	513	-	513

Note 13. Other liabilities

	31.03.2020	31.12.2019*	31.03.2019*
Liabilities from other taxes, duties, social security payments and others, except corporation tax	7 291	10 439	4 756
VAT	5 021	5 459	3 290
Flat-rate withholding tax	97	348	29
Personal income tax	742	3 715	596
Social security (ZUS) payments	1 385	860	802
National Disabled Persons Rehabilitation Fund (PFRON) payments	36	31	30
PIT-8A settlements	10	26	9
Other liabilities	3 878	4 023	31
Liabilities associated with right of first refusal and future marketing costs	3 280	3 340	-
Other employee-related liabilities	9	9	11
Other liabilities payable to Management Board members	-	4	2
Other liabilities, incl. Internal Social Benefits Fund (ZFŚS)	409	408	-
Advance payments received from foreign clients	180	262	18
Total other liabilities	11 169	14 462	4 787
short-term liabilities	7 889	11 122	4 787
long-term liabilities	3 280	3 340	-

* adjusted data

Note 14. Deferred revenues

	31.03.2020	31.12.2019	31.03.2019*
Subsidies	14 239	13 527	7 284
Future period revenues	167 606	145 663	26 661
Official phone rental	22	22	16
Other	2 456	2 516	3 524
Total, including:	184 323	161 728	37 485
short-term deferrals	183 961	161 364	30 369
long-term deferrals	362	364	7 116

* adjusted data

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 parent Company the Management Board has reached the conclusion that their carrying amounts in all cases reflect their corresponding fair value as of 31 March 2020, 31 December 2019 and 31 March 2019.

Financial assets – classification and estimation

	31.03.2020	31.12.2019	31.03.2019
Financial assets estimated at amortized cost	687 397	611 940	652 693
Other long-term receivables	419	66	570
Trade receivables	76 658	129 573	29 832
Cash and cash equivalents	145 590	49 406	155 508
Bank deposits (maturity beyond 3 months)	464 730	432 895	466 783
Capital market instruments estimated at purchase price	8 099	8 025	4 381
Shares in subsidiaries excluded from consolidation	8 099	8 025	4 381
Total financial assets	695 496	619 965	657 074

Financial liabilities – classification and estimation

	31.03.2020	31.12.2019	31.03.2019
Financial liabilities estimated at amortized cost	70 915	79 771	54 505
Trade liabilities	50 742	59 866	41 075
Other financial liabilities	20 173	19 905	13 430

Note 16. Sales revenues

Sales revenues by territory*

	01.01.2020 – 31.03.2020		01.01.2019 – 31.03.2019	
	PLN	%	PLN	%
Domestic sales	6 713	3.48%	3 615	4.47%
Exports, including:	186 259	96.52%	77 263	95.53%
Europe	53 661	27.81%	23 109	28.57%
North America	103 117	53.43%	46 817	57.89%
South America	1 037	0.54%	637	0.79%
Asia	25 217	13.07%	5 122	6.33%
Australia	3 045	1.58%	1 438	1.78%
Africa	182	0.09%	140	0.17%
Total	192 972	100%	80 878	100%

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

Sales revenues by product type

	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019
Own products	137 220	50 870
External products	55 433	29 960
Other revenues	319	48
Total	192 972	80 878

**Sales revenues by distribution channel**

	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019
Videogames – box editions	28 827	3 488
Videogames – digital editions	159 703	76 761
Other revenues	4 442	629
Total	192 972	80 878

Note 17. Operating expenses

	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019
Depreciation of fixed assets, intangibles, expenditures on development projects and investment properties, including:	1 906	1 984
- depreciation of leased buildings	280	739
- depreciation of leased vehicles	60	59
Consumption of materials and energy	490	474
Bought-in services, including:	15 820	13 116
- short-term leases and leases of low-value assets	145	93
Taxes and fees	179	164
Employee compensation, social security and other benefits	27 462	15 545
Business travel	310	577
Use of company cars	42	28
Value of goods and materials sold	39 814	21 708
Cost of products and services sold	7 677	6 983
Other expenses	119	11
Total	93 819	60 590
Selling costs	34 557	22 222
General and administrative costs	11 771	9 677
Cost of products, goods and materials sold	47 491	28 691
Total	93 819	60 590

Note 18. Other operating revenues and expenses

Other operating revenues

	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019
Lease revenues	1 453	-
Reinvoicing revenues	253	261
Fixed assets and goods received free of charge	252	139
Subsidies	42	54
Compensation for damages received	54	-
Profit from sales of fixed assets	12	-
Other sales	12	6
Repossession gains received	1	1
Other miscellaneous operating revenues	11	22
Total operating revenues	2 090	483

Other operating expenses

	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019
Donations	2 093	6
Lease costs	824	-
Depreciation of investment properties	323	-
Reinvoicing expenses	253	262
Unrecoverable withholding tax	22	2
Disposal of materials and goods	3	5
Other miscellaneous operating expenses	20	2
Total operating expenses	3 538	277

Note 19. Financial revenues and expenses

Financial revenues

	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019
Revenues from interest	2 592	2 548
on short-term bank deposits	2 592	2 548
Other financial revenues	848	-
surplus positive exchange rate differences	848	-
Total financial revenues	3 440	2 548

Financial expenses

	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019
Interest payments	107	192
on lease agreements	104	175
on budget commitments	3	17
Other financial expenses	-	181
surplus negative exchange rate differences	-	181
Total financial expenses	107	373
Net balance of financial activities	3 333	2 175

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

The Group has entered into agreements concerning leasing of office equipment (multipurpose photocopiers, kitchen equipment) as well as apartments which potentially meet the criteria of lease agreements under IFRS 16. However, the Group regards these agreements as either short-term or concerning low-value assets and, consequently, does not apply the new standard to these agreements in line with the practical expedient specified in Art. 5 of the new standard. In such cases lease payments are reported as costs during the period in which they are incurred, using either the straight-line method or another method which best reflects the breakdown of payments throughout the duration of the agreement (information regarding costs related to such agreements, incurred between 1 January and 31 March 2020, can be found in Note 17).

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

	31.03.2020	31.12.2019	31.03.2019
due within 1 year	437	549	310
due between 1 and 5 years	180	273	932
due later than in 5 years	-	-	-
Total	617	822	1 242

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

Issue of debt securities

Not applicable.

Issue of capital securities

	31.03.2020	31.12.2019	31.03.2019
Stock volume (thousands)	96 120	96 120	96 120
Nominal value per share (PLN)	1	1	1
Share capital	96 120	96 120	96 120

Note 22. Dividends declared or paid out and collected

No dividends were paid out or collected by the Group's member companies between 1 January and 31 March 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. Transfer method selection is preceded by a thorough analysis of each transaction, which includes, among others, the assignment of responsibilities to each party, the assets involved and the corresponding allocation of risks and costs. In each case, the method regarded as most appropriate for the given transaction type is applied so that transactions between member companies of the CD PROJEKT Group are carried out under conditions approximating those which unaffiliated entities could be expected to agree upon.



Transactions with affiliates following consolidation eliminations

	Sales to affiliates		Purchases from affiliates	
	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019
SUBSIDIARIES				
CD PROJEKT Co., Ltd.	-	-	805	782
Spokko sp. z o.o.	67	65	-	-
GROUP MEMBER COMPANY MANAGEMENT				
Marcin Iwiński	2	2	-	-
Adam Kiciński	1	4	-	-
Piotr Nielubowicz	2	1	-	-
Michał Nowakowski	3	2	-	-
Adam Badowski	2	1	-	-



	Receivables from affiliates			Liabilities due to affiliates		
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.12.2019	31.03.2019
SUBSIDIARIES						
CD PROJEKT Co., Ltd.	-	-	-	289	247	264
Spokko sp. z o.o.	38	49	21	-	-	-
GROUP MEMBER COMPANY MANAGEMENT						
Marcin Iwiński	1	-	-	-	3	-
Adam Kiciński	-	1	3	-	1	1
Michał Nowakowski	-	1	-	-	-	-
Adam Badowski	3	1	-	-	-	-
Oleg Klapovskiy	-	-	-	-	-	1



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

Not applicable.

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

Conditional liabilities from sureties and collateral pledged

	Type of agreement	Currency	31.03.2020	31.12.2019	31.03.2019
mBank S.A.					
Declaration of submission to enforcement	Collateral for debit card agreement	PLN	920	920	920
Promissory note agreement	Collateral for framework agreement concerning forward and derivative transactions	PLN	7 710	7 710	7 710
Promissory note agreement	Collateral for lease agreement	PLN	667	667	667
Ingenico Group S.A. (formerly Global Collect Services BV)					
Contract of guarantee	Guarantee of discharge of liabilities by GOG sp. z o.o.	EUR	155	155	155
Mazovian Unit for Implementation of EU Programs (Mazowiecka Jednostka Wdrażania Programów Unijnych)					
Contractual pledge	Pledge to cover maintenance and renovation expenses related to leased space	PLN	1 980	1 998	-
National Center for Research and Development (Narodowe Centrum Badań i Rozwoju)					
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0105/16	PLN	7 934	7 934	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	1 204	1 204	1 234



Santander Bank Polska S.A. (formerly BZ WBK S.A.)					
Promissory note agreement	Lease agreement no. CZ5/00013/2017	PLN	-	-	91
Promissory note agreement	Lease agreement no. CZ5/00036/2017	PLN	-	-	40
Promissory note agreement	Lease agreement no. CR1/01390/2018	PLN	153	182	270
Santander Bank Polska S.A. (formerly BZ WBK S.A.)					
Promissory note agreement	Framework agreement concerning treasury transactions	PLN	6 500	6 500	6 500

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

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

The result and market goals of the incentive program as defined for the Group as a whole were achieved on 31 December 2019, while in the GOG.com segment – which has its own result subgoal – only the market goal was achieved on that date. Further information regarding attainment of the program's goals can be found in the [Management Board report on CD PROJEKT Group and CD PROJEKT S.A. activities in 2019](#).

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.

On 15 July 2016 the Tax Code was amended to reflect the stipulations of the General Anti-Avoidance Rule (GAAR). The goal of GAAR is to discourage creation and exploitation of fictitious legal structures which serve primarily as a means of avoiding taxation. GAAR is applicable to transactions carried out following its introduction as well as to preceding transactions, if such transactions continued to generate tax benefits on the date of introduction of GAAR. Implementation of the abovementioned rules enables Polish tax authorities to question legal agreements concluded by taxable entities, such as restructuring and reorganization of the Group, as well as – in certain instances – refuse to issue binding interpretations securing fiscal settlements.

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

	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019*
Cash and cash equivalents reported in cash flow statement	145 590	155 508
Cash on balance sheet	145 590	155 508
Depreciation consists of:	1 906	1 984
Depreciation of intangibles	461	339
Depreciation of expenditures on development projects	347	75
Depreciation of fixed assets	1 071	1 570
Depreciation of investment properties	27	-
Interest and share in profits (dividends) consist of:	(2 488)	(2 373)
Interest received	(2 592)	(2 548)
Interest received from lease agreements	104	175
Profit (loss) from investment activities results from:	(12)	(139)
Revenues from sales of fixed assets	(12)	-
Fixed assets received free of charge	-	(139)
Changes in provisions result from:	9 802	668
Changes in provisions for liabilities	15 609	1 904
Changes in provisions for compensation contingent upon the Company's financial result and other expenses aggregated with expenditures on development projects	(5 807)	(1 236)
Changes in inventory status result from:	(10 012)	(121)
Changes in inventory status	(10 012)	(121)
Changes in receivables result from:	73 052	(16 717)
Balance of changes in short-term receivables	70 009	(13 968)
Balance of changes in long-term receivables	(353)	-
Advance payment for investment properties	-	(1 667)
Income tax set against withholding tax	8	-
Current income tax adjustments	(3 112)	(1 082)
Changes in advance payments associated with expenditures on development projects	5 782	-
Changes in advance payments associated with purchases of fixed assets and intangibles	311	-
Changes in advance payments associated with purchases of investment properties	407	-
Changes in short-term liabilities except financial liabilities result from:	(12 460)	(13 560)
Balance of changes in short-term liabilities	(12 104)	(15 848)
Current income tax adjustments	(55)	(22)
Changes in financial liabilities	(198)	(5 966)
Changes in liabilities due to purchase of fixed assets	148	(568)
Changes in liabilities due to purchase of intangibles	891	(171)
Changes in liabilities due to purchase of investment properties	(1 162)	9 015
Adjustment for liabilities booked on the other side as prepaid expenses	20	-
Changes in other assets and liabilities result from:	22 189	2 029
Balance of changes in prepaid expenses	(327)	(2 430)
Balance of changes in deferred revenues	22 595	4 459
Adjustment for prepaid expenses booked on the other side as liabilities	(80)	-
Other adjustments	1	-

Other adjustments include:	4 909	2 917
Cost of incentive program	3 923	2 854
Depreciation aggregated with selling costs, other operating expenses and consortium settlements	394	57
Exchange rate differences	592	6

* adjusted data

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

	01.01.2020	Cash flows	Non-cash changes			31.03.2020
			Acquisition of fixed assets under lease agreements	Exchange rate differences	Accrued interest	
Lease liabilities	19 905	(1 010)	946	228	104	20 173
Total	19 905	(1 010)	946	228	104	20 173

	01.01.2019	Cash flows	Non-cash changes			31.03.2019
			Acquisition of fixed assets under lease agreements	Exchange rate differences	Accrued interest	
Lease liabilities	409	(1 667)	14 467	46	175	13 430
Total	409	(1 667)	14 467	46	175	13 430

Note 31. Events following the balance sheet date

In [Current Report no. 4/2020](#) of 6 May 2020 the Management Board of the Company announced that it had undertaken the decision to diversify investment of the Company's surplus cash. In line with the adopted framework, the Board decided to allocate not more than 300 million PLN towards purchase of domestic and foreign government bonds which are regarded as low-risk financial instruments.

In conjunction with the foregoing, the Management Board also decided to limit the exchange rate risk associated with foreign bonds by carrying out, within the limits offered by the financial institutions cooperating with the Company, symmetric purchases of derivative instruments, particularly forward sale contracts involving foreign currencies.



CD PROJEKT

Supplementary information

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Legal proceedings

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

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

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

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

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

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

On 9 October 2014 the Company filed an appeal against the District Court's judgment with regard to those sections in which the District Court dismissed the Company's claims, and also the section concerning the cost of legal proceedings associated with the case. A parallel appeal against the section in which the District Court affirms the Company's claims was filed by the State Treasury. On 21 December 2018 the Appellate Court altered the judgment of the court of first instance by dismissing the Company's lawsuit in its entirety.

The Company subsequently filed a cassation appeal against the portion of the judgment which reverses the earlier judgment of the District Court in Kraków by dismissing the lawsuit, as well as the portion in which the judgment dismisses the Company's appeal concerning the costs of legal proceedings.

No other significant legal, arbitration or administrative proceedings involving the parent Company or its subsidiaries as parties were initiated in the reporting period. With regard to other cases disclosed in the Company's annual report for 2019, no significant changes occurred.

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 ¹	10 486 106	10.91%
Piotr Nielubowicz	6 135 197	6.38%
Other shareholders	67 348 697	70.07%

¹ As disclosed in Current Report no. 49/2016 of 6 December 2016.

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

Changes in shareholding structure of the parent entity

No changes in the shareholding structure of the parent Company involving shareholders who control more than 5% of votes at the General Meeting occurred in the reporting period.



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 31.03.2020	As of 28.05.2020
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	3 100	3 100	3 100
Katarzyna Szwarc	Chairwoman of the Supervisory Board	10	10	10
Maciej Nielubowicz	Supervisory Board Member	51	51	51

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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Condensed interim separate profit and loss account

	Note	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019
Sales revenues		145 550	49 149
Revenues from sales of products		133 088	48 126
Revenues from sales of services		542	459
Revenues from sales of goods and materials		11 920	564
Cost of products, services, goods and materials sold		15 718	6 162
Cost of products and services sold		6 240	5 612
Value of goods and materials sold		9 478	550
Gross profit (loss) from sales		129 832	42 987
Selling costs		24 849	14 273
General and administrative costs		9 306	6 629
Other operating revenues		2 366	709
Other operating expenses		3 806	515
(Impairment)/reversal of impairment of financial instruments		(80)	1
Operating profit (loss)		94 157	22 280
Financial revenues		4 468	2 349
Financial expenses		73	227
Profit (loss) before tax		98 552	24 402
Income tax	A	8 415	5 058
Net profit (loss)		90 137	19 344
Net earnings per share (in PLN)			
Basic for the reporting period		0.94	0.20
Diluted for the reporting period		0.89	0.19



Condensed interim separate statement of comprehensive income

	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019
Net profit (loss)	90 137	19 344
Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria	-	-
Other comprehensive income which will not be entered as profit (loss)	-	-
Total comprehensive income	90 137	19 344

Condensed interim separate statement of financial position

	Note	31.03.2020	31.12.2019	31.03.2019*
FIXED ASSETS		695 950	645 312	404 310
Tangible assets		101 072	100 684	27 050
Intangibles		109 233	109 573	99 608
Expenditures on development projects		409 125	360 030	239 948
Investment properties		46 402	44 960	13 033
Investments in subsidiaries	F	23 944	23 830	21 749
Other financial assets		2 588	2 650	195
Deferred income tax assets	A	-	-	2 157
Prepaid expenses		3 520	3 519	-
Other long-term receivables	E,F	66	66	570
WORKING ASSETS		737 447	670 056	669 364
Inventories		18 336	8 485	245
Fixed assets held for sale		-	-	49
Trade receivables	E,F	71 861	124 853	21 486
Current income tax receivables		16 446	19 236	117
Other receivables	E	51 379	67 252	48 579
Other financial assets		1 027	1 037	432
Prepaid expenses		2 754	2 112	1 743
Cash and cash equivalents	F	110 914	14 186	129 930
Bank deposits (maturity beyond 3 months)	F	464 730	432 895	466 783
TOTAL ASSETS		1 433 397	1 315 368	1 073 674

* adjusted data



	Note	31.03.2020	31.12.2019	31.03.2019*
EQUITY		1 166 059	1 071 925	993 810
Share capital	21**	96 120	96 120	96 120
Supplementary capital		748 324	748 324	739 799
Other reserve capital		58 652	54 655	29 096
Retained earnings		172 826	-	109 451
Net profit (loss) for the reporting period		90 137	172 826	19 344
LONG-TERM LIABILITIES		22 333	24 378	11 962
Other financial liabilities	F	15 878	15 915	4 845
Other liabilities		3 280	3 340	-
Deferred income tax provisions	A	2 924	4 870	-
Deferred revenues		5	7	6 933
Provisions for employee benefits and similar liabilities		246	246	184
SHORT-TERM LIABILITIES		245 005	219 065	67 902
Other financial liabilities	F	1 469	1 432	5 028
Trade liabilities	F	16 430	25 067	11 626
Other liabilities		2 353	5 132	1 220
Deferred revenues		173 448	151 595	26 300
Provisions for employee benefits and similar liabilities		2	2	2
Other provisions		51 303	35 837	23 726
TOTAL EQUITY AND LIABILITIES		1 433 397	1 315 368	1 073 674

* adjusted data

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

Condensed interim statement of changes in separate entity

	Share capital	Supplementary capital	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
01.01.2020 – 31.03.2020						
Equity as of 01.01.2020	96 120	748 324	54 655	172 826	-	1 071 925
Cost of incentive program	-	-	3 997	-	-	3 997
Total comprehensive income	-	-	-	-	90 137	90 137
Equity as of 31.03.2020	96 120	748 324	58 652	172 826	90 137	1 166 059

	Share capital	Supplementary capital	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
01.01.2019 – 31.12.2019						
Equity as of 01.01.2019	96 120	739 799	26 145	109 451	-	971 515
Cost of incentive program	-	-	28 510	-	-	28 510
Allocation of net profit/coverage of losses	-	8 525	-	(8 525)	-	-
Dividend payments	-	-	-	(100 926)	-	(100 926)
Total comprehensive income	-	-	-	-	172 826	172 826
Equity as of 31.12.2019	96 120	748 324	54 655	-	172 826	1 071 925



	Share capital	Supplementary capital	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
01.01.2019 – 31.03.2019						
Equity as of 01.01.2019	96 120	739 799	26 145	109 451	-	971 515
Cost of incentive program	-	-	2 951	-	-	2 951
Total comprehensive income	-	-	-	-	19 344	19 344
Equity as of 31.03.2019	96 120	739 799	29 096	109 451	19 344	993 810



Condensed interim separate statement of cash flows

	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019*
OPERATING ACTIVITIES		
Net profit (loss)	90 137	19 344
Total adjustments:	93 755	(1 260)
Depreciation of fixed assets, intangibles, development projects and investment properties	1 231	1 185
Depreciation of development projects recognized as cost of products and services sold	5 806	5 244
Profit (loss) from exchange rate differences	(214)	(13)
Interest and profit sharing	(2 466)	(2 221)
Profit (loss) from investment activities	(12)	(139)
Change in provisions	9 643	956
Change in inventories	(9 851)	13
Change in receivables	75 551	(10 969)
Change in liabilities excluding credits and loans	(11 451)	(1 677)
Change in other assets and liabilities	21 128	3 659
Other adjustments	4 390	2 702
Cash flows from operating activities	183 892	18 084
Income tax on profit (loss) before taxation	8 415	5 058
Income tax (paid)/reimbursed	(7 571)	(6 155)
Net cash flows from operating activities	184 736	16 987
INVESTMENT ACTIVITIES		
Inflows	246 899	276 474
Development expenditures reimbursed under the consortium agreement	-	16 122
Reimbursement of advance payment for investment properties and perpetual usufruct of land	-	1 667
Sales of fixed assets and intangibles	12	-
Repayment of loans granted	291	105
Closing bank deposits (maturity beyond 3 months)	244 063	256 231
Other inflows from investment activities	2 533	2 349
Outflows	334 153	203 339
Purchases of intangibles and fixed assets	5 006	2 064
Expenditures on development projects	52 212	23 136
Purchase of investment properties and activation of future costs	1 037	9 017
Capital contributions to subsidiary	-	1 100
Opening bank deposits (maturity beyond 3 months)	275 898	168 022
Net cash flows from investment activities	(87 254)	73 135

**FINANCIAL ACTIVITIES**

Inflows	-	144
Collection of receivables under financial lease agreements	-	134
Interest collected	-	10
Outflows	754	1 485
Payment of liabilities under lease agreements	682	1 347
Interest payments	72	138
Net cash flows from financial activities	(754)	(1 341)
Total net cash flows	96 728	88 781
Balance of changes in cash and cash equivalents	96 728	88 781
Cash and cash equivalents at beginning of period	14 186	41 149
Cash and cash equivalents at end of period	110 914	129 930

* adjusted data

Clarifications regarding the separate statement of cash flows

	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019
The “other adjustments” line item comprises:	4 390	2 702
Cost of incentive program	3 883	2 581
Depreciation aggregated with selling costs, other operating expenses and consortium settlements	507	121

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 January and 31 March 2020.



Presentation changes

This condensed interim separate financial statement for the period between 1 January and 31 March 2020 includes certain adjustments in the presentation of financial data, introduced in order to maintain comparability of financial statements. The following presentation changes have been introduced with regard to financial data for the reference period between 1 January and 31 March 2019 as well as for 31 March 2019:

- In the statement of financial position for 31 March 2019 and in the statement of cash flows for the period between 1 January and 31 March 2019 the presentation of future period sales was adjusted as follows:
 - Statement of financial position for 31 March 2019
 - Other liabilities – adjusted by (26 117) thousand PLN
 - Deferred revenues – adjusted by 26 117 thousand PLN.
 - Statement of cash flows for the period between 1 January and 31 March 2019
 - Changes in liabilities excluding credits and loans – adjusted by (3 513) thousand PLN
 - Changes in other assets and liabilities – adjusted by 3 513 thousand PLN.

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

- In the statement of financial position for 31 March 2019 the presentation of perpetual usufruct of land was adjusted as follows:
 - Perpetual usufruct of land – adjusted by (3 478) thousand PLN
 - Investment properties – adjusted by 3 478 thousand PLN.

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

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 January and 31 March 2020 are as follows:

- 1 thousand PLN – dissolution of impairment allowances due to collection of receivables,
- 81 thousand PLN – creation of impairment allowances for past-due and contested receivables,
- 17 372 thousand PLN – creation of provisions for compensation dependent on financial result,
- 1 325 thousand PLN – creation of other provisions,
- 3 231 thousand PLN – reduction in other provisions due to partial use.



A. Deferred income tax

Negative temporary differences requiring recognition of deferred tax assets

	31.12.2019	increases	reductions	31.03.2020
Provisions for other employee benefits	248	-	-	248
Provisions for compensation dependent on financial result	22 297	11 550	-	33 847
Negative exchange rate differences	391	269	397	263
Difference between balance sheet value and tax value of expenditures on development projects	6 958	161	10	7 109
Compensation and social security payable in future reporting periods	42	47	73	16
Other provisions	2 528	827	3 232	123
R&D tax relief	9 963	-	-	9 963
Advance payments recognized as taxable income	11 107	4 450	1 600	13 957
Total negative temporary differences	53 534	17 304	5 312	65 526
subject to 5% tax rate	37 561	14 627	1 630	50 558
subject to 19% tax rate	15 973	2 677	3 682	14 968
Deferred tax assets	4 913	1 240	782	5 371

Positive temporary differences requiring creation of deferred tax provisions

	31.12.2019*	increases	reductions	31.03.2020
Difference between net balance sheet value and net tax value of fixed assets and intangibles	12 762	494	-	13 256
Revenues obtained in the current period but invoiced in future periods	86 042	66 442	86 041	66 443
Positive exchange rate differences	174	383	173	384
Difference between balance sheet value and tax value of expenditures on development projects	7 721	520	1 905	6 336
Other sources	145	295	25	415
Total positive temporary differences	106 844	68 134	88 144	86 834
subject to 5% tax rate	75 122	50 568	67 099	58 591
subject to 19% tax rate	31 722	17 566	21 045	28 243
Deferred tax provisions	9 783	5 866	7 354	8 295

* adjusted data

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.

Balance of deferred tax assets/provisions

	31.03.2020	31.12.2019	31.03.2019
Deferred tax assets	5 371	4 913	11 409
Deferred tax provisions	8 295	9 783	9 252
Net deferred tax assets (provisions)	(2 924)	(4 870)	2 157

**Income tax reported in profit and loss account**

	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019
Current income tax	10 361	7 419
Change in deferred income tax	(1 946)	(2 361)
Income tax reported in profit and loss account	8 415	5 058

B. Goodwill**Goodwill acquired in business combinations and acquisition of enterprises**

	31.03.2020	31.12.2019	31.03.2019
CD Projekt Red sp. z o.o.	39 147	39 147	39 147
Strange New Things (enterprise)	10 021	10 021	10 021
Total	49 168	49 168	49 168

Changes in goodwill

No changes in goodwill occurred between 1 January and 31 March 2020.

C. Business combinations

The Company did not merge with any other entity between 1 January and 31 March 2020.

D. Dividends paid out (or declared) and collected

The Company did not collect or pay out any dividends between 1 January and 31 March 2020.

E. Trade and other receivables**Changes in receivables**

	31.03.2020	31.12.2019	31.03.2019
Gross trade and other receivables	124 147	192 932	71 546
Impairment allowances	841	761	911
Trade and other receivables	123 306	192 171	70 635
from affiliates	11 252	13 662	12 210
from external entities	112 054	178 509	58 425

Changes in impairment allowances on receivables

	Trade receivables	Other receivables
OTHER ENTITIES		
Impairment allowances as of 01.01.2020	29	732
Increases, including:	81	-
creation of allowances on past-due and contested receivables	81	-
Reductions, including:	1	-
dissolution of allowances due to collection of receivables	1	-
Impairment allowances as of 31.03.2020	109	732



Current and overdue trade receivables as of 31.03.2020

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
AFFILIATES							
gross receivables	2 953	2 214	739	-	-	-	-
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	-	-	-	-	-	-	-
total expected credit loss	-	-	-	-	-	-	-
Net receivables	2 953	2 214	739	-	-	-	-

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	69 017	68 556	318	-	25	4	114
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	109	-	-	-	-	-	109
total expected credit loss	109	-	-	-	-	-	109
Net receivables	68 908	68 556	318	-	25	4	5

Total							
gross receivables	71 970	70 770	1 057	-	25	4	114
impairment allowances	109	-	-	-	-	-	109
Net receivables	71 861	70 770	1 057	-	25	4	5

**Other receivables**

	31.03.2020	31.12.2019	31.03.2019*
Other gross receivables, including:	52 177	68 050	49 881
tax returns except corporate income tax	23 164	38 170	14 880
advance payments associated with expenditures on development projects	13 869	8 087	10 930
advance payments for supplies	10 194	16 323	11 176
consortium settlements	2 684	4 137	11 333
deposits	399	195	705
advance payments for fixed assets and intangibles	688	377	92
advance payments for investment properties	407	-	-
employee settlements	34	25	30
other	6	4	3
Impairment allowances	732	732	732
Other receivables, including:	51 445	67 318	49 149
short-term receivables	51 379	67 252	48 579
long-term receivables	66	66	570

* adjusted data

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 31 March 2020, 31 December 2019 and 31 March 2019 respectively.

Financial assets – classification and appraisal

	31.03.2020	31.12.2019	31.03.2019
Financial assets held at amortized cost	647 571	572 000	618 769
Other long-term receivables	66	66	570
Trade receivables	71 861	124 853	21 486
Cash and cash equivalents	110 914	14 186	129 930
Bank deposits (maturity beyond 3 months)	464 730	432 895	466 783
Capital market instruments held at purchase price	23 944	23 830	21 749
Investments in subsidiaries	23 944	23 830	21 749
Total financial assets	671 515	595 830	640 518

Financial liabilities – classification and appraisal

	31.03.2020	31.12.2019	31.03.2019
Financial liabilities held at amortized cost	33 777	42 414	21 499
Trade liabilities	16 430	25 067	11 626
Other financial liabilities	17 347	17 347	9 873

G. Transactions with affiliates

	Sales to affiliates		Purchases from affiliates	
	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019
SUBSIDIARIES				
GOG sp. z o.o.	3 503	2 246	79	18
CD PROJEKT Inc.	174	-	1 371	1 003*
CD PROJEKT Co., Ltd.	-	-	805	762
Spokko sp. z o.o.	67	65	-	-
CD PROJEKT RED STORE sp. z o.o.	293	54	2	-
MANAGEMENT BOARD MEMBERS				
Marcin Iwiński	2	2	-	-
Adam Kiciński	1	4	-	-
Piotr Nielubowicz	1	1	-	-
Michał Nowakowski	3	2	-	-
Adam Badowski	2	1	-	-

* The Company has rectified a manifest clerical error. In its condensed interim separate financial statement for the period between 1 January and 31 March 2019 the Company had reported 1 033 thousand PLN in purchases from CD PROJEKT Inc. between 1 January and 31 March 2019.

	Receivables from affiliates			Liabilities due to affiliates		
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.12.2019	31.03.2019
SUBSIDIARIES						
GOG sp. z o.o.	4 517	6 970	12 720	13 778	12 917	8
CD PROJEKT Inc.	8 488	8 471	627	389	594	317
CD PROJEKT Co., Ltd.	-	-	-	289	246	264
Spokko sp. z o.o.	39	48	21	-	-	-
CD PROJEKT RED STORE sp. z o.o.	1 820	1 858	39	-	21	-
MANAGEMENT BOARD MEMBERS						
Marcin Iwiński	1	-	-	-	3	-
Adam Kiciński	-	1	3	-	1	1
Michał Nowakowski	-	1	-	-	-	-
Adam Badowski	2	-	-	-	-	-

Statement of the Management Board of the parent entity

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

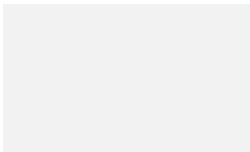
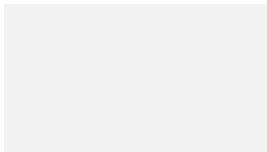
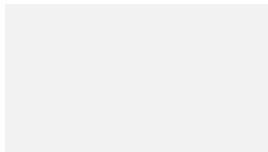
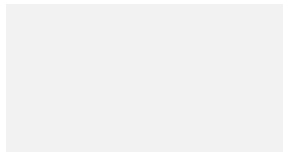
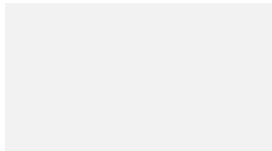
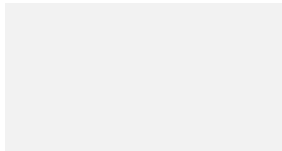
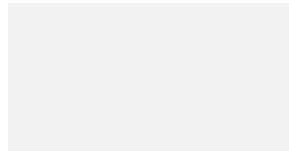
Pursuant to the directive of the Finance Minister of 29 March 2018 regarding the publication of periodic and current reports by issuers of securities and the conditions for regarding as equivalent the information required under the laws of a non-member state (Journal of Laws of the Republic of Poland, 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. 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).

Approval of the financial statement

This financial statement covering the period between 1 January and 31 March 31 March 2020 was signed and approved for publication by the Management Board of CD PROJEKT S.A. on 28 May 2020.

Warsaw, 28 May 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	



