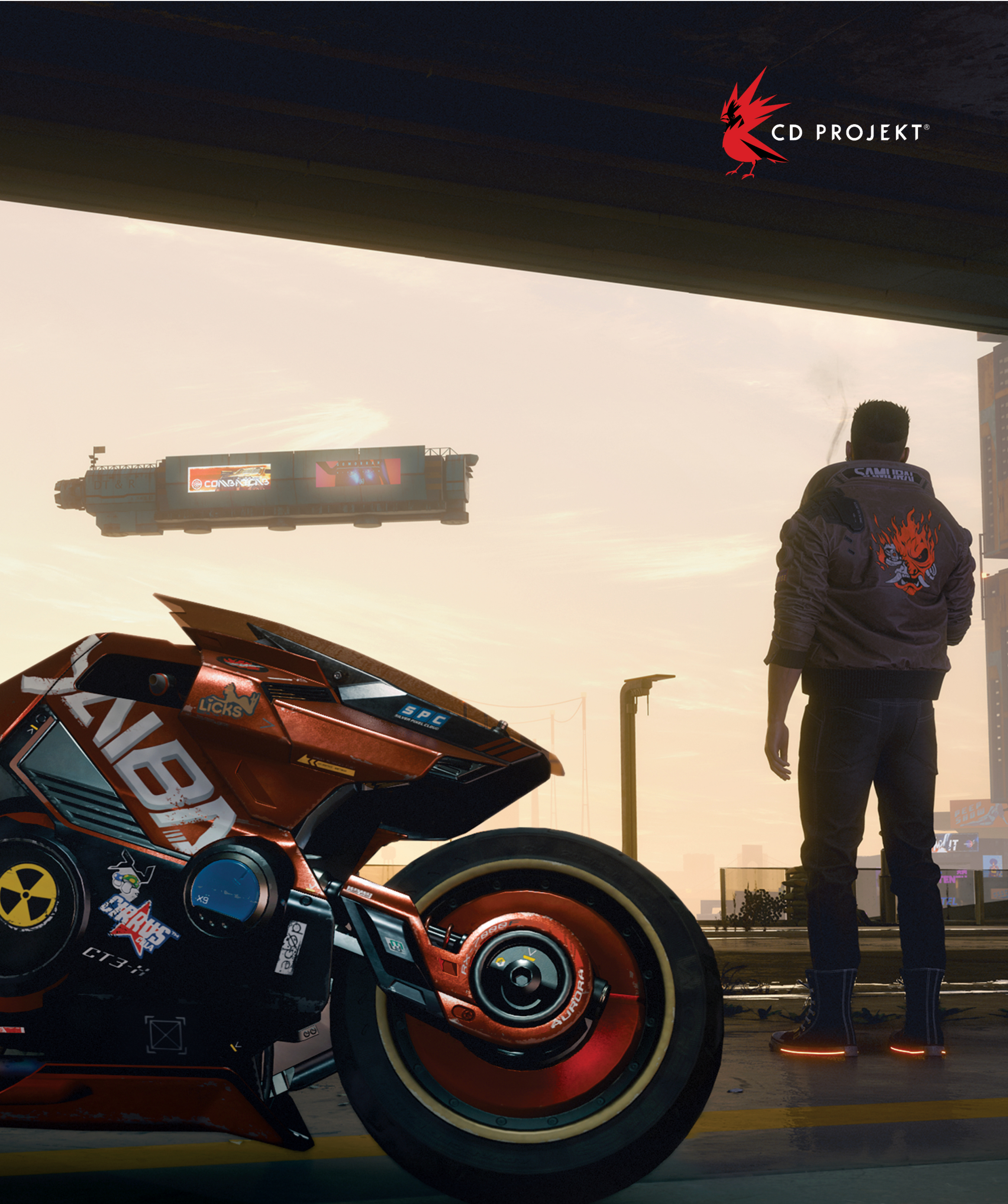
CD PROJEKT®



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT OF THE

CD PROJEKT CAPITAL GROUP

FOR THE PERIOD BETWEEN 1 JANUARY AND 30 JUNE 2019

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 Capital Group – selected financial highlights (converted into EUR)

	PLN		EUR	
	01.01.2019 - 30.06.2019	**01.01.2018 - 30.06.2018***	**01.01.2019 - 30.06.2019**	**01.01.2018 - 30.06.2018***
Revenues from sales of products, services, goods and materials	214 407	168 434	50 002	39 730
Cost of products, goods and materials sold	66 168	43 829	15 431	10 338
Operating profit (loss)	59 994	61 301	13 991	14 459
Profit (loss) before tax	64 375	66 590	15 013	15 707
Net profit (loss) attributable to equity holders of parent entity	51 680	52 430	12 052	12 367
Net cash flows from operating activities	44 931	23 989	10 478	5 658
Net cash flows from investment activities	23 816	41 763	5 554	9 851
Net cash flows from financial activities	(104 351)	(242)	(24 335)	(57)
Total net cash flows	(35 604)	65 510	(8 303)	15 452
Stock volume (thousands)	96 120	96 120	96 120	96 120
Net earnings per share (PLN/EUR)	0.54	0.55	0.13	0.13
Diluted net earnings per share (PLN/EUR)	0.51	0.52	0.12	0.12
Book value per share (PLN/EUR)	10.15	9.78	2.39	2.24
Diluted book value per share (PLN/EUR)	9.68	9.37	2.28	2.15
Declared or paid out dividend per share (PLN/EUR)	1.05	-	0.24	-

** adjusted data*

	PLN		EUR	
	30.06.2019	**31.12.2018***	**30.06.2019**	**31.12.2018***
Total assets	1 136 658	1 126 838	267 323	262 055
Liabilities and provisions for liabilities (less accrued charges)	77 258	91 464	18 170	21 271
Long-term liabilities	6 678	6 691	1 571	1 556
Short-term liabilities	154 650	117 283	36 371	27 275
Equity	975 330	1 002 864	229 381	233 224
Share capital	96 120	96 120	22 606	22 353

** adjusted data*

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: 4.2880 PLN/EUR for the period between 1 January and 30 June 2019, and 4.2395 PLN/EUR for the period between 1 January and 30 June 2018 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: 4.2520 PLN/EUR on 30 June 2019 and 4.3000 PLN/EUR on 31 December 2018 respectively.

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Primary Financial Data of the CD PROJEKT Capital Group

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Condensed interim consolidated profit and loss account

	Note	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018
Sales revenues		**214 407**	**168 434**
Revenues from sales of products	17	109 775	108 772
Revenues from sales of services	17	31 755	25
Revenues from sales of goods and materials	17	72 877	59 637
Cost of products, goods and materials sold		**66 168**	**43 829**
Cost of products and services sold	18	14 926	91
Value of goods and materials sold	18	51 242	43 738
Gross profit (loss) from sales		**148 239**	**124 605**
Selling costs	18	53 373	46 639
General and administrative costs	18	35 836	16 546
Other operating revenues	19	1 966	632
Other operating expenses	19	1 023	984
(Impairment losses)/reversal of impairment losses of financial instruments		21	233
Operating profit (loss)		**59 994**	**61 301**
Financial revenues	20	5 199	5 781
Financial expenses	20	818	492
Profit (loss) before tax		**64 375**	**66 590**
Income tax	11	12 695	14 160
Net profit (loss)		**51 680**	**52 430**
Net profit (loss) attributable to equity holders of parent entity		51 680	52 430
Net earnings per share (in PLN)			
Basic for the reporting period		0.54	0.55
Diluted for the reporting period		0.51	0.52

(all figures quoted in PLN thousands unless indicated otherwise)

Condensed interim consolidated statement of comprehensive income

	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018
Net profit (loss)	**51 680**	**52 430**
Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria	**(15)**	**86**
Exchange rate differences on valuation of foreign entities	(15)	86
Other comprehensive income which will not be entered as profit (loss)	**-**	**-**
Total comprehensive income	**51 665**	**52 516**
Total comprehensive income attributable to minority interest equity	-	-
Total comprehensive income attributable to equity holders of CD PROJEKT S.A.	**51 665**	**52 516**

Condensed interim consolidated statement of financial position

	Note	30.06.2019	31.12.2018
FIXED ASSETS		**454 783**	**388 309**
Tangible assets	2	31 976	19 241
Intangibles	4	51 547	50 210
Expenditures on development projects	4	291 803	242 816
Investment properties	6	9 640	9 553
Perpetual usufruct of land	7	3 478	3 478
Goodwill	4,5	56 438	56 438
Shares in subsidiaries excluded from consolidation	16	6 757	3 683
Deferred income tax assets	11	2 570	2 320
Other long-term receivables	16	574	570
WORKING ASSETS		**681 875**	**738 529**
Inventories	8	731	258
Fixed assets held for sale	3	-	49
Trade receivables	9,16	90 401	37 008
Current income tax receivables		3 765	1 611
Other receivables	9	36 224	19 231
Prepaid expenses	10	21 194	21 502
Cash and cash equivalents	16	68 274	103 878
Bank deposits (maturity beyond 3 months)	16	461 286	554 992
TOTAL ASSETS		**1 136 658**	**1 126 838**

(all figures quoted in PLN thousands unless indicated otherwise)

	Note	30.06.2019	31.12.2018*
EQUITY		**975 330**	**1 002 864**
Equity attributable to equity holders of parent entity		**975 330**	**1 002 864**
Share capital	22	96 120	96 120
Supplementary capital		780 951	739 724
Other reserve capital		47 872	26 145
Exchange rate differences		997	1 012
Retained earnings		(2 290)	30 529
Net profit (loss) for the reporting period		51 680	109 334
Minority interest equity		**-**	**-**
LONG-TERM LIABILITIES		**6 678**	**6 691**
Other financial liabilities	16	6 262	163
Deferred revenues	15	226	6 338
Provisions for employee benefits and similar liabilities	12	190	190
SHORT-TERM LIABILITIES		**154 650**	**117 283**
Other financial liabilities	16	5 451	246
Trade liabilities	16	45 327	49 914
Current income tax liabilities		19	-
Other liabilities	14	9 222	17 785
Deferred revenues	15	83 844	26 172
Provisions for employee benefits and similar liabilities	12	2	2
Other provisions	13	10 785	23 164
TOTAL EQUITY AND LIABILITIES		**1 136 658**	**1 126 838**

** adjusted data*

(all figures quoted in PLN thousands unless indicated otherwise)

Condensed interim statement of changes in consolidated equity

	Share capital	Supplementary capital	Own shares	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Parent entity shareholders' equity	Total equity
01.01.2019 – 30.06.2019									
Equity as of 01.01.2019	**96 120**	**739 724**	**-**	**26 145**	**1 012**	**139 863**	**-**	**1 002 864**	**1 002 864**
Incentive program costs	-	-	-	21 727	-	-	-	21 727	21 727
Allocation of net profit / coverage of losses	-	41 227	-	-	-	(41 227)	-	-	-
Dividend payments	-	-	-	-	-	(100 926)	-	(100 926)	(100 926)
Total comprehensive income	-	-	-	-	(15)	-	51 680	51 665	51 665
Equity as of 30.06.2019	**96 120**	**780 951**	**-**	**47 872**	**997**	**(2 290)**	**51 680**	**975 330**	**975 330**

(all figures quoted in PLN thousands unless indicated otherwise)

	Share capital	Supplementary capital	Own shares	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Parent entity shareholders' equity	Total equity
01.01.2018 – 30.06.2018*									
Equity as of 01.01.2018	**96 120**	**549 335**	**-**	**15 212**	**118**	**222 114**	**-**	**882 899**	**882 899**
Rectification of fundamental errors	-	(6 729)	-	-	794	6 082	-	147	147
Equity after adjustments	**96 120**	**542 606**	**-**	**15 212**	**912**	**228 196**	**-**	**883 046**	**883 046**
Cost of incentive program	-	-	-	4 969	-	-	-	4 969	4 969
Creation of reserve capital to finance purchase of own shares	-	(3 600)	-	3 600	-	-	-	-	-
Purchase of own shares	-	-	3 051	(3 051)	-	-	-	-	-
Transfer of own shares as partial payment for the purchase of an enterprise	-	3 051	(3 051)	-	-	-	-	-	-
Allocation of net profit/coverage of losses	-	186 828	-	-	-	(186 828)	-	-	-
Total comprehensive income	-	-	-	-	86	-	52 430	52 516	52 516
Equity as of 30.06.2018	**96 120**	**728 885**	**-**	**20 730**	**998**	**41 368**	**52 430**	**940 531**	**940 531**

** adjusted data*

GOG sp. z o.o. has rectified the recognition of the merger which took place within the GOG.com segment, as well as recognition of income tax and coverage of losses for 2016 in the financial statement of GOG sp. z o.o. for 31 December 2017. This rectification in an increase in equity by 147 thousand PLN. Furthermore, the Group has also rectified the recognition of past transactions which produced changes in the Group's composition, as well as payment of dividends by Group member companies to the parent company. This rectification had no effect on equity.

(all figures quoted in PLN thousands unless indicated otherwise)

Condensed interim consolidated statement of cash flows

	Note	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018*
OPERATING ACTIVITIES			
Net profit (loss)		**51 680**	**52 430**
Total adjustments:	**30**	**(4 352)**	**(22 766)**
Depreciation of fixed assets, intangibles and expenditures on development projects		3 952	2 350
Depreciation of expenditures on development projects recognized as cost of products and services sold		13 191	-
Interest and profit sharing (dividends)		(4 867)	(5 771)
Profit (loss) from investment activities		(821)	299
Change in provisions		(10 111)	(36 734)
Change in inventories		(473)	71
Change in receivables		(72 051)	9 200
Change in liabilities excluding credits and loans		(6 093)	512
Change in other assets and liabilities		51 868	2 756
Other adjustments		21 053	4 551
Cash flows from operating activities		**47 328**	**29 664**
Income tax on pre-tax profit (loss)		12 695	14 160
Income tax (paid)/collected		(15 092)	(19 835)
Net cash flows from operating activities		**44 931**	**23 989**
INVESTMENT ACTIVITIES			
Inflows		**567 839**	**633 772**
Reimbursement of advance payment for investment properties and perpetual usufruct of land		1 667	-
Sale of intangibles and fixed assets		130	41
Cash assets gained in acquisition of enterprise		-	26
Closing bank deposits (maturity beyond 3 months)		560 839	627 929
Other inflows from investment activities		5 203	5 776
Outflows		**544 023**	**592 009**
Purchases of intangibles and fixed assets		5 766	10 917
Expenditures on development projects		59 770	47 015
Purchase of investment properties and perpetual usufruct of land		9 054	-
Capital contributions to subsidiary		2 300	-
Advance payment for investment properties and perpetual usufruct of land		-	727
Acquisition of enterprise		-	10 550
Opening bank deposits (maturity beyond 3 months)		467 133	522 800
Net cash flows from investment activities		**23 816**	**41 763**

(all figures quoted in PLN thousands unless indicated otherwise)

FINANCIAL ACTIVITIES

Inflows		**18**	**-**
Collection of receivables arising from financial lease agreements		17	-
Interest payments		1	-
Outflows		**104 369**	**242**
Dividends and other payments to equity holders		100 926	-
Payment of liabilities arising from lease agreements		3 113	237
Interest payments		330	5
Net cash flows from financial activities		**(104 351)**	**(242)**
Total net cash flows		**(35 604)**	**65 510**
Balance of changes in cash and cash equivalents		**(35 604)**	**65 510**
Cash and cash equivalents at beginning of period		**103 878**	**66 987**
Cash and cash equivalents at end of period		**68 274**	**132 497**

** adjusted data*

(all figures quoted in PLN thousands unless indicated otherwise)

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 Capital 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

The Group is established for an indefinite duration.

Consolidation principles

Entities subject 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%	excluded from consolidation

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., Spokko sp. z o.o. and CD PROJEKT RED STORE sp. z o.o.

(all figures quoted in PLN thousands unless indicated otherwise)

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 on any of the transferred assets. Accounting practices in use at subsidiary companies are adjusted whenever necessary to ensure compliance with accounting practices adopted by the Group.

Basis for the preparation of the condensed interim consolidated financial statement

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

The condensed interim consolidated financial statement does not contain all the information and disclosures which would 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 Capital Group for the year ending 31 December 2018, approved for publication on 27 March 2019.

Assumption of going concern

This 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 June 2019 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 30 June 2019.

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 2019 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 2018.

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:

- Amendments to **IAS 1** and **IAS 8** *Definition of 'material'* – applicable to reporting periods beginning on or after 1 January 2020,
- Amendments to **IFRS 3** *Business combinations* – applicable to reporting periods beginning on or after 1 January 2020,
- Amendments to references to the **Conceptual Framework in IFRS Standards** – applicable to reporting periods beginning on or after 1 January 2020,
- **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.

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 Group's financial statement.

Functional currency and presentation currency

Functional currency and presentation currency

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

Transactions and balances

Transactions denominated in foreign currencies are converted to the functional currency according to the exchange rate on the date of the transaction. Exchange rate losses and gains on settlement of transactions and on valuation of assets and liabilities denominated in foreign currencies are reported in the profit and loss statement unless deferred in the equity capital as cash flow hedges and hedges of net investments.

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

The accounting practices applied in preparing this condensed interim consolidated financial statement, the Management Board's professional judgment concerning the Group's accounting practices as well as the main sources of uncertainty in estimations are in all material aspects consistent with the practices applied in preparing the Consolidated Financial Statement of the CD PROJEKT Capital Group for 2018, except for changes in accounting policies, presentation-related adjustments and accounting estimates described below. This condensed interim consolidated financial statement should be read in conjunction with the consolidated financial statement for the period ending 31 December 2018.

Changes in accounting policies

- **Amendments to IFRS 9 – Prepayment Features with Negative Compensation – applicable to reporting periods beginning on or after 1 January 2019**

  These amendments concern the accounting of prepayable financial assets with the so-called negative compensation. Such assets should be measured at amortized cost or fair value through other comprehensive income instead of at fair value through or loss. These amendments do not affect the Group's accounting practices or its financial result.

- **Amendments to IAS 19 – Plan amendment, curtailment or settlement – applicable to reporting periods beginning on or after 1 January 2019**

  These amendments affect amendment, curtailment or settlement of certain plans by specifying that it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. These amendments do not have a significant impact on the Group's accounting practices or its financial result.

- **IFRS 16 – Leases, applicable to annual reporting periods beginning on or after 1 January 2019**

  This financial statement marks the first time the Group has applied IFRS 16 *Leases*, which supersedes *IAS 17 Leases*. IFRS 16 sets forth rules concerning assessment, presentation and disclosure of lease agreements. The major change is to introduce a uniform model for lessee accounting, forgoing the distinction between financial and operating lease agreements. Under the new regulation all agreements which meet the definition of a lease agreement or which include aspects of such are to be treated in accordance with the erstwhile financial lease model. Accordingly, the new standard will contribute to an increase in the value of non-financial assets and other financial liabilities in the statement of financial position, and to a decrease in operating expenditures along with an increase in financial expenditures in the profit and loss account. Regarding the statement of cash flows, a decrease in operating and investment outflows and an increase in financial outflows can be expected.

  The new standard most significantly affects the presentation of fixed-term building lease agreements, which, due to their economic content, had previously been classified as operating lease agreements in accordance with IAS 17. As a consequence, the Group had not previously recognized assets covered by these agreements in its financial statement. In 2019 these agreements are treated as financial and subject to a uniform model of lessee accounting, requiring the Group to recognize its right to use the leased buildings as an asset, along with liabilities which reflect the corresponding lease payments.

  On the day of initial application of IFRS 16 the Group applied a retrospective approach to building lease agreements scheduled to end later than 12 months after the aforementioned initial application date, recognizing the aggregate effect of applying the new standard on the initial application date without converting the relevant comparative data. Disclosure of leased assets and the corresponding liabilities has not resulted in an adjustment in the balance of retained earnings (i.e. the value of assets recognized is equivalent to the value of the corresponding liabilities). Assets and liabilities related to lease agreements are recognized at the current value of other lease payments adjusted by the lessee's marginal interest rate on the date of initial application.

  The Group also recognizes subleasing of office space wherein a leased asset (master agreement) is subject to further leasing. With regard to such agreements the Group does not directly recognize the leased asset; instead, it recognizes a lease liability and the corresponding receivables under the relevant sublease agreement. If the subleasing agreement involves transferring (reinvoicing) expenses to another entity, the liability arising under the master agreement is equivalent to the receivables arising under the subleasing agreement, adjusted for the discount rate applicable to the master agreement. In such circumstances the liabilities related to the master agreement and the receivables related to the subleasing agreement, as well as the related financial expenses and revenues due to interest, are offset prior to being reported, as this form of presentation best reflects the nature of the agreement (according to Art. 32-33 of IAS 1 and Art. 42-50 of IAS 32, concerning financial instruments). Offsetting assets and liabilities or revenues and expenses is, in principle, forbidden unless it reflects the nature of a given transaction.

The application of IFRS 16 affects the following line items in the financial statement for the period between 1 January and 30 June 2019:

	As of 31.12.2018	Adjustments related to implementation of IFRS 16	As of 01.01.2019
Fixed assets			
Tangible fixed assets, including:	19 241	14 443	33 684
- leased buildings	-	14 443	14 443
Long-term liabilities			
Other financial liabilities, including:	163	8 556	8 719
- lease of buildings	-	8 556	8 556
Short-term liabilities			
Other financial liabilities, including:	246	5 887	6 133
- lease of buildings	-	5 887	5 887

With regard to space lease agreements scheduled to end earlier than 12 months following the initial application date of IFRS 16, the Group has applied the practical expedient foreseen in section C10 item c) of the standard. According to this regulation, a lessee may elect not to apply the previously specified requirements to leases for which the lease term ends within 12 months of the date of initial application. Consequently, the Group accounts for those leases in the same way as short-term leases, recognizing the cost associated with those leases throughout the duration of the lease agreement. The costs associated with these agreements are presented in Note 18.

With regard to lease agreements classified as financial under IAS 17, on the date of initial application of IFRS 16 the balance sheet value of assets which represent the right to use the leased object, as well as the corresponding liabilities, correspond to the balance sheet value of such assets and liabilities on the day preceding the initial application date and evaluated in accordance with IAS 17. In 2019 all such agreements are subject to the provisions of IFRS 16.

The Group does not apply the provisions of IFRS 16 to short-term lease agreements and to agreements where the value of the leased asset is low, as permitted under Art. 5 of the new standard. In these cases lease payments are recognized as costs using the straight-line method or another applicable method which best reflects the breakdown of payments throughout the duration of the agreement.

With regard to other contracts not classified as either operating or financial lease agreements under IAS 17, including contracts concerning perpetual usufruct of land recognized as a separate asset, the Group applies another practical expedient foreseen in section C3 of the interim regulations of IFRS 16. According to this regulation, an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, the entity is permitted not to apply IFRS 16 to contracts that were not previously identified as containing a lease. Consequently, the Group will apply the new standard only to agreements concluded (or amended) on the date of initial application of IFRS 16 or thereafter.

As permitted under Art. 4 of IFRS 16, the Group does not apply the provisions of the new standards to intangibles.

- **Amendments to MSR 28 – Long-term Interests in Associates and Joint Ventures – applicable to reporting periods beginning on or after 1 January 2019**

The amendments concern recognition of long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. In line with the amended regulation, such interests should be recognized in accordance with the new IFRS 9 standard, particularly as concerns impairment. These amendments do not have a significant impact on the Group's accounting practices or its financial result.

- **Amendments to IFRS (2015-2017) adopted under the annual IFRS improvements cycle – applicable to reporting periods beginning on or after 1 January 2019**

These amendments concern four standards: IAS 12 *Income taxes* with regard to recognizing the income tax consequences of dividends, IAS 23 *Borrowing costs* with regard to modified assets readied for intended use or sale, IFRS 3 *Business combinations* with regard to acquisition of control of a business that is a joint operation, and IFRS 11 *Joint arrangements* with regard to lack of control of a participant over a joint arrangement. These amendments do not have a significant impact on the Group's accounting practices or its financial result.

(all figures quoted in PLN thousands unless indicated otherwise)

- **IFRIC 22 – Foreign currency transactions and advance considerations – applicable to reporting periods beginning on or after 1 January 2019**

  The IFRIC 22 interpretation concerns the exchange rate to be applied to foreign currency transactions which involve receipt or payment of advance consideration prior to recognition of the related asset, expense or income. This interpretation cannot be applied if the relevant asset, expense or income was initially estimated at fair value. This interpretation does not have a significant impact on the Group's accounting practices or its financial result.

- **IFRIC 23 – Uncertainty over Income Tax Treatments – applicable to reporting periods beginning on or after 1 January 2019**

  The interpretation clarifies the recognition and measurement procedures specified in IAS 12 *Income Taxes* when there are uncertainties in the amount of income tax payable (recoverable). An uncertainty over income tax treatment emerges when there is doubt whether the applied treatment will be accepted by taxation authorities. If the entity regards such uncertainties as significant, they should be reflected in the tax disclosures for the period to which the treatment applies, e.g. by recognizing an additional tax liability or applying a higher tax rate. Measurement of such uncertainties should be based either on the most likely amount or the expected value of the tax treatment. This interpretation does not have a significant impact on the Group's accounting practices or its financial result.

Presentation changes

This condensed interim consolidated financial statement for the period between 1 January and 30 June 2019 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 30 June 2018 as well as for 31 December 2018:

- In the statement of financial position for 31 December 2018 and in the statement of cash flows for the period between 1 January and 30 June 2018 the presentation of future period revenues was adjusted as follows:
  - Statement of financial position for 31 December 2018
    - Other liabilities – adjusted by (22 603) thousand PLN
    - Deferred revenues – adjusted by 22 603 thousand PLN.
  - Statement of cash flows for the period between 1 January and 30 June 2018
    - Change in liabilities except credits and loans – adjusted by 225 thousand PLN
    - Change in other assets and liabilities – adjusted by (225) thousand PLN.

  This change has no effect on the Group's financial result or equity.

- In the statement of cash flows for the period between 1 January and 30 June 2018 the presentation of advance payments for investment properties was adjusted as follows:
    - Advance payment for investment properties and perpetual usufruct of land – adjusted by 727 thousand PLN
    - Purchase of intangibles and fixed assets – adjusted by (727) thousand PLN.

- In the statement of cash flows for the period between 1 January and 30 June 2018 the presentation of provisions for compensation contingent upon the Group's financial result, capitalized upon expenditures on development projects was adjusted as follows:
    - Change in provisions – adjusted by (3 877) thousand PLN
    - Expenditures on development projects – adjusted by (3 877) thousand PLN.

Change in accounting estimate

The aggregate consolidated basic net earnings per share from continuing operations of the CD PROJEKT Capital Group for the period between 1 January 2016 and 30 June 2019 was 6.39 PLN, which is 0.12 PLN below the goal of the incentive program for 2016-2019 in force at the Group. Given the Company's stock volume, this corresponds to a difference of 11 534 thousand PLN in the Group's consolidated net profit from continuing operations. Validation of attainment of the program's goals is based solely on annual results; however, in light of the results obtained by the end of the first half of 2019, along with the Company's release schedule for the second half of the year (with regard to entitlements attributable to the CD PROJEKT RED segment), the Board has decided to alter its projections regarding the likely attainment of the program goals in the years 2016-2019. Accordingly, the Board now believes that – with regard to entitlements attributable to the CD PROJEKT RED segment – the goals of the program are likely to be met for the period between 2016 and 2019.

This change in estimate necessitated recognition of costs related to the expected entitlements over a shorter timeframe than originally anticipated. Earlier recognition of costs associated with the incentive program in relation to past reporting periods was reflected in the Company's accounts at the moment of the reported change in projections, i.e. during the second quarter of 2019. In the consolidated profit and loss account this change resulted in the recognition of additional expenses aggregated in the "General and administrative costs" line item, in the amount of 15 193 thousand PLN, while in the consolidated statement of financial position it resulted in an increase in the "Shares in subsidiaries excluded from consolidation" line item by 577 thousand PLN. In future reporting periods, costs associated with the incentive program will be recognized in accordance with the updated estimate.

The GOG.com segment follows additional goals related specifically to the activities of that segment. In this scope, the Management Board has decided not to change its estimate regarding the likely attainment of the incentive program's goals for the period between 2016 and 2021.

Disclosure of seasonal or cyclical activities

A detailed presentation of seasonal and cyclical character of the Group's activities can be found in the Management Board report on CD PROJEKT Capital Group activities for the period between 1 January and 30 June 2019.

Financial audit

The financial data presented in the statement of financial position for 30 June 2019, and the financial data presented in the profit and loss account, statement of cash flows and statement of changes in equity for the period between 1 January and 30 June 2019 as well as for the period between 1 January and 30 June 2018 was not subjected to a financial audit. The aforementioned data was, however, subjected to a review by a licensed auditor. The statement of financial position for 31 December 2018 was subjected to a financial audit.

Supplementary information – CD PROJEKT Capital Group activity segments

3

Activity segments

Presentation of results by activity segment

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

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

No changes in the differentiation of activity segments occurred during the reporting period as compared to 31 December 2018.

Disclosure of activity segments

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.com		
01.01.2019 – 30.06.2019				
Sales revenues	**138 725**	**81 108**	**(5 426)**	**214 407**
sales to external clients	133 299	81 108	-	214 407
sales between segments	5 426	-	(5 426)	-
Segment net profit (loss)	**51 037**	**643**	**-**	**51 680**

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.com		
01.01.2018 – 30.06.2018				
Sales revenues	**108 512**	**64 575**	**(4 653)**	**168 434**
sales to external clients	103 859	64 575	-	168 434
sales between segments	4 653	-	(4 653)	-
Segment net profit (loss)	**53 610**	**(1 178)**	**(2)**	**52 430**

(all figures quoted in PLN thousands unless indicated otherwise)

Segmented consolidated profit and loss account for the period between 01.01.2019 and 30.06.2019

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
Sales revenues	**138 725**	**81 108**	**(5 426)**	**214 407**
Revenues from sales of products	104 460	3 733	1 582	109 775
Revenues from sales of services	33 584	1	(1 830)	31 755
Revenues from sales of goods and materials	681	77 374	(5 178)	72 877
Cost of products, goods and materials sold	**12 981**	**57 413**	**(4 226)**	**66 168**
Cost of products and services sold	12 319	3 236	(629)	14 926
Value of goods and materials sold	662	54 177	(3 597)	51 242
Gross profit (loss) from sales	**125 744**	**23 695**	**(1 200)**	**148 239**
Selling costs	34 867	19 611	(1 105)	53 373
General and administrative costs	32 709	3 222	(95)	35 836
Other operating revenues	2 297	123	(454)	1 966
Other operating expenses	1 369	108	(454)	1 023
(Impairment)/reversal of impairment of financial instruments	3	18	-	21
Operating profit (loss)	**59 099**	**895**	**-**	**59 994**
Financial revenues	4 957	294	(52)	5 199
Financial expenses	427	443	(52)	818
Profit (loss) before taxation	**63 629**	**746**	**-**	**64 375**
Income tax	12 592	103	-	12 695
Net profit (loss)	**51 037**	**643**	**-**	**51 680**
Net profit (loss) attributable to equity holders of the parent entity	**51 037**	**643**	**-**	**51 680**

(all figures quoted in PLN thousands unless indicated otherwise)

Segmented consolidated profit and loss account for the period between 01.01.2018 and 30.06.2018

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
Sales revenues	**108 512**	**64 575**	**(4 653)**	**168 434**
Revenues from sales of products	104 682	2 906	1 184	108 772
Revenues from sales of services	2 240	4	(2 219)	25
Revenues from sales of goods and materials	1 590	61 665	(3 618)	59 637
Cost of products, goods and materials sold	**2 270**	**44 702**	**(3 143)**	**43 829**
Cost of products and services sold	800	-	(709)	91
Value of goods and materials sold	1 470	44 702	(2 434)	43 738
Gross profit (loss) from sales	**106 242**	**19 873**	**(1 510)**	**124 605**
Selling costs	30 860	17 150	(1 371)	46 639
General and administrative costs	13 710	2 973	(137)	16 546
Other operating revenues	1 011	222	(601)	632
Other operating expenses	1 070	515	(601)	984
(Impairment)/reversal of impairment of financial instruments	220	13	-	233
Operating profit (loss)	**61 833**	**(530)**	**(2)**	**61 301**
Financial revenues	5 754	235	(208)	5 781
Financial expenses	29	671	(208)	492
Profit (loss) before taxation	**67 558**	**(966)**	**(2)**	**66 590**
Income tax	13 948	212	-	14 160
Net profit (loss)	**53 610**	**(1 178)**	**(2)**	**52 430**
Net profit (loss) attributable to equity holders of the parent entity	**53 610**	**(1 178)**	**(2)**	**52 430**

(all figures quoted in PLN thousands unless indicated otherwise)

Segmented consolidated statement of financial position as of 30.06.2019

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
FIXED ASSETS	**441 243**	**30 267**	**(16 727)**	**454 783**
Tangible assets	29 462	2 514	-	31 976
Intangibles	50 930	617	-	51 547
Expenditures on development projects	266 851	24 955	(3)	291 803
Investment properties	9 640	-	-	9 640
Perpetual usufruct of land	3 478	-	-	3 478
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	16 724	-	(16 724)	-
Shares in subsidiaries excluded from consolidation	6 757	-	-	6 757
Deferred income tax assets	389	2 181	-	2 570
Other long-term receivables	574	-	-	574
WORKING ASSETS	**619 746**	**82 572**	**(20 443)**	**681 875**
Inventories	731	-	-	731
Trade receivables	95 234	5 164	(9 997)	90 401
Current income tax receivables	3 172	593	-	3 765
Other receivables	35 167	3 597	(2 540)	36 224
Prepaid expenses	2 366	26 734	(7 906)	21 194
Cash and cash equivalents	21 790	46 484	-	68 274
Bank deposits (maturity beyond 3 months)	461 286	-	-	461 286
TOTAL ASSETS	**1 060 989**	**112 839**	**(37 170)**	**1 136 658**

(all figures quoted in PLN thousands unless indicated otherwise)

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
EQUITY	**950 164**	**41 893**	**(16 727)**	**975 330**
Equity attributable to equity holders of parent entity	**950 164**	**41 893**	**(16 727)**	**975 330**
Share capital	96 120	136	(136)	96 120
Supplementary capital	748 324	38 142	(5 515)	780 951
Other reserve capital	47 872	3 035	(3 035)	47 872
Exchange rate differences on valuation of foreign entities	48	(65)	1 014	997
Retained earnings	6 763	2	(9 055)	(2 290)
Net profit (loss) for the reporting period	51 037	643	-	51 680
Minority interest equity	**-**	**-**	**-**	**-**
LONG-TERM LIABILITIES	**6 490**	**188**	**-**	**6 678**
Other financial liabilities	6 262	-	-	6 262
Deferred revenues	44	182	-	226
Provisions for employee benefits and similar liabilities	184	6	-	190
SHORT-TERM LIABILITIES	**104 335**	**70 758**	**(20 443)**	**154 650**
Other financial liabilities	5 009	442	-	5 451
Trade liabilities	10 661	44 656	(9 990)	45 327
Current income tax liabilities	19	-	-	19
Other liabilities	1 796	9 966	(2 540)	9 222
Deferred revenues	76 812	14 938	(7 906)	83 844
Provisions for employee benefits and similar liabilities	2	-	-	2
Other provisions	10 036	756	(7)	10 785
TOTAL EQUITY AND LIABILITIES	**1 060 989**	**112 839**	**(37 170)**	**1 136 658**

(all figures quoted in PLN thousands unless indicated otherwise)

Segmented consolidated statement of financial position as of 31.12.2018*

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
FIXED ASSETS	**375 012**	**29 520**	**(16 223)**	**388 309**
Tangible assets	16 867	2 374	-	19 241
Intangibles	49 413	797	-	50 210
Expenditures on development projects	218 753	24 066	(3)	242 816
Investment properties	9 553	-	-	9 553
Perpetual usufruct of land	3 478	-	-	3 478
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	16 220	-	(16 220)	-
Shares in subsidiaries excluded from consolidation	3 683	-	-	3 683
Deferred income tax assets	37	2 283	-	2 320
Other long-term receivables	570	-	-	570
WORKING ASSETS	**677 133**	**91 017**	**(29 621)**	**738 529**
Inventories	258	-	-	258
Fixed assets held for sale	49	-	-	49
Trade receivables	31 714	6 607	(1 313)	37 008
Current income tax receivables	1 525	86	-	1 611
Other receivables	45 764	1 775	(28 308)	19 231
Prepaid expenses	1 272	20 230	-	21 502
Cash and cash equivalents	41 559	62 319	-	103 878
Bank deposits (maturity beyond 3 months)	554 992	-	-	554 992
TOTAL ASSETS	**1 052 145**	**120 537**	**(45 844)**	**1 126 838**

(all figures quoted in PLN thousands unless indicated otherwise)

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
EQUITY	**978 340**	**40 747**	**(16 223)**	**1 002 864**
Equity attributable to equity holders of parent entity	**978 340**	**40 747**	**(16 223)**	**1 002 864**
Share capital	96 120	136	(136)	96 120
Supplementary capital	739 798	5 441	(5 515)	739 724
Other reserve capital	26 145	2 531	(2 531)	26 145
Exchange rate differences on valuation of foreign entities	63	(65)	1 014	1 012
Retained earnings	6 907	32 674	(9 052)	30 529
Net profit (loss) for the reporting period	109 307	30	(3)	109 334
Minority interest equity	**-**	**-**	**-**	**-**
LONG-TERM LIABILITIES	**6 648**	**43**	**-**	**6 691**
Other financial liabilities	163	-	-	163
Deferred revenues	6 301	37	-	6 338
Provisions for employee benefits and similar liabilities	184	6	-	190
SHORT-TERM LIABILITIES	**67 157**	**79 747**	**(29 621)**	**117 283**
Other financial liabilities	246	-	-	246
Trade liabilities	9 995	41 179	(1 260)	49 914
Other liabilities	12 357	33 736	(28 308)	17 785
Deferred revenues	22 790	3 382	-	26 172
Provisions for employee benefits and similar liabilities	2	-	-	2
Other provisions	21 767	1 450	(53)	23 164
TOTAL EQUITY AND LIABILITIES	**1 052 145**	**120 537**	**(45 844)**	**1 126 838**

** adjusted data*

(all figures quoted in PLN thousands unless indicated otherwise)

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

Important events

At the Microsoft Xbox conference preceding the E3 fair, on 9 June 2019, CD PROJEKT announced the expected release date of a product which will fundamentally shape the Group's revenues in the near future – i.e. Cyberpunk 2077. In parallel, the Group also began accepting preorders from retail customers interested in purchasing the game. Selected distributors, including GOG.com, collect prepayments associated with these preorders, and report them to the Company in line with their contractual reporting obligations. Consequently, GOG.com has reported initial revenues from sales of Cyberpunk 2077 and CD PROJEKT has received initial sales reports. While preorder campaigns are commonplace in the videogame industry, in the scope of the Group's activities the last such campaign preceding a major release occurred in 2014; thus, the event is not mirrored by reference data presented in this financial statement. It resulted in significant changes in the value of several asset and liability categories – mainly by increasing the Group's **Deferred revenues**, **Trade receivables** and **Cash assets**.

In the scope of the Cyberpunk 2077 promotional campaign the Company has entered into close collaboration with selected publishing partners. This collaboration entails joint financial involvement in the campaign, as well as mutual promotion. As a result, the financial statement for the first half of 2019 shows a significant increase in **Revenues from sales of services**, which is not mirrored by reference data.

Given the observed progress towards fulfillment of the incentive program's goals at the end of H1 2019, the Company's release schedule and its likely impact on H2 2019 financial results, the Management Board has decided to alter its earlier projections regarding the likely attainment of the aforementioned goals during the period between 2019 and 2021. Accordingly, the Board now believes that – with regard to entitlements attributable to the CD PROJEKT RED segment – the goals of the program are likely to be met as defined for the period between 2016 and 2019. This change in projections necessitated recognition of costs related to the expected entitlements over a shorter timeframe than originally anticipated. Early recognition of costs associated with the incentive program in relation to past reporting periods was reflected in the Company's accounts at the moment of the reported change in projections, i.e. during the second quarter of 2019. This change resulted in the recognition of additional costs aggregated in the **General and administrative costs** line item. Note that these costs correspond to actuarial estimates and have no associated cash flows – thus, the reported increase does not affect current or future cash outflows related to the incentive program.

No other circumstances affecting the Group's assets, liabilities, equity, net financial result and cash flows which could be classified as unusual due to their type, size or effect occurred in the first half of 2019.

Note 2. Tangible fixed assets

Changes in fixed assets (by category) between 01.01.2019 and 30.06.2019

	Buildings and structures	Civil engineering objects	Machinery and equipment	Vehicles	Other fixed assets	Fixed assets under construction	Total
Gross carrying amount as of 01.01.2019	**14 724**	**141**	**24 810**	**2 057**	**1 572**	**658**	**43 962**
Increases from:	**15 606**	**-**	**3 828**	**-**	**622**	**898**	**20 954**
purchases	128	-	3 080	-	221	898	4 327
lease agreements*	14 443	-	-	-	-	-	14 443
reclassification from fixed assets under construction	1 035	-	8	-	401	-	1 444
acquisition free of charge	-	-	740	-	-	-	740
Reductions from:	**54**	**-**	**181**	**4**	**-**	**1 444**	**1 683**
sales	-	-	33	4	-	-	37
disposal	-		147	-	-	-	147
reclassification from fixed assets under construction	-	-	-	-	-	1 444	1 444
others	54	-	1	-	-	-	55
Gross carrying amount as of 30.06.2019	**30 276**	**141**	**28 457**	**2 053**	**2 194**	**112**	**63 233**
Depreciation as of 01.01.2019	**5 062**	**15**	**17 708**	**962**	**974**	**-**	**24 721**
Increases from:	**3 856**	**7**	**2 408**	**191**	**269**	**-**	**6 731**
depreciation	3 856	7	2 408	191	269	-	6 731
Reductions from:	**10**	**-**	**181**	**4**	**-**	**-**	**195**
sales	-	-	33	4	-	-	37
disposal	-	-	147	-	-	-	147
others	10	-	1	-	-	-	11
Depreciation as of 30.06.2019	**8 908**	**22**	**19 935**	**1 149**	**1 243**	**-**	**31 257**
Impairment allowances as of 01.01.2019	-	-	-	-	-	-	-
Impairment allowances as of 30.06.2019	-	-	-	-	-	-	-
Net carrying amount as of 01.01.2019	**9 662**	**126**	**7 102**	**1 095**	**598**	**658**	**19 241**
Net carrying amount as of 30.06.2019	**21 368**	**119**	**8 522**	**904**	**951**	**112**	**31 976**

** In addition to agreements concluded during the reporting period this item also covers agreements which meet the disclosure obligations associated with initial applications of IFRS 16 Leasing, as described in the section titled Assumption of comparability of financial statements and changes in accounting policies and estimates.*

(all figures quoted in PLN thousands unless indicated otherwise)

Contractual commitments for future acquisition of fixed assets

	30.06.2019	31.12.2018*
Leasing of passenger cars	114	245
Total	**114**	**245**

** adjusted data*

Fixed assets held under lease agreements

	30.06.2019		
	Gross carrying amount	Depreciation	Net carrying amount
Buildings and structures	14 394	3 057	11 337
Vehicles	547	100	447
Total	**14 941**	**3 157**	**11 784**

	31.12.2018		
	Gross carrying amount	Depreciation	Net carrying amount
Vehicles	1 173	275	898
Total	**1 173**	**275**	**898**

Note 3. Fixed assets held for sale

	30.06.2019	31.12.2018
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.

(all figures quoted in PLN thousands unless indicated otherwise)

Note 4. Intangibles and expenditures on development projects

Changes in intangibles and expenditures on development projects between 01.01.2019 and 30.06.2019

	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 01.01.2019	**177 817**	**239 385**	**32 199**	**1 926**	**11 318**	**26 065**	**56 438**	**706**	**1**	**545 855**
Increases from:	**62 400**	**2 445**	**-**	**1 068**	**-**	**2 544**	**-**	**462**	**-**	**68 919**
purchases	-	-	-	1 068	-	1 819	-	462	-	3 349
reclassification from intangibles under construction	-	-	-	-	-	725	-	-	-	725
reclassification from development projects in progress	-	2 445	-	-	-	-	-	-	-	2 445
own creation	62 400	-	-	-	-	-	-	-	-	62 400
Reductions from:	**2 445**	**-**	**-**	**-**	**-**	**-**	**-**	**725**	**-**	**3 170**
reclassification from intangibles under construction	-	-	-	-	-	-	-	725	-	725
reclassification from development projects in progress	2 445	-	-	-	-	-	-	-	-	2 445
Gross carrying amount as of 30.06.2019	**237 772**	**241 830**	**32 199**	**2 994**	**11 318**	**28 609**	**56 438**	**443**	**1**	**611 604**
Depreciation as of 01.01.2019	**-**	**174 386**	**-**	**1 048**	**-**	**20 956**	**-**	**-**	**1**	**196 391**
Increases from:	**-**	**13 413**	**-**	**206**	**-**	**1 806**	**-**	**-**	**-**	**15 425**
Depreciation	-	13 413	-	206	-	1 806	-	-	-	15 425
Reductions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation as of 30.06.2019	**-**	**187 799**	**-**	**1 254**	**-**	**22 762**	**-**	**-**	**1**	**211 816**
Impairment allowances as of 01.01.2019	-	-	-	-	-	-	-	-	-	-
Impairment allowances as of 30.06.2019	-	-	-	-	-	-	-	-	-	-
Net carrying amount as of 01.01.2019	**177 817**	**64 999**	**32 199**	**878**	**11 318**	**5 109**	**56 438**	**706**	**-**	**349 464**
Net carrying amount as of 30.06.2019	**237 772**	**54 031**	**32 199**	**1 740**	**11 318**	**5 847**	**56 438**	**443**	**-**	**399 788**

Contractual commitments for future acquisition of intangibles

None reported.

(all figures quoted in PLN thousands unless indicated otherwise)

Note 5. Goodwill

No changes in goodwill occurred between 1 January and 30 June 2019.

Note 6. Investment properties

On 31 December 2018 the parent Company concluded a purchase agreement concerning the immovable property 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 comprising the property is an office building. As the parent Company intends to lease the property to other entities, including other member companies of the CD PROJEKT Capital Group, it has decided to report it as an investment property. The property will be classified at purchase cost less depreciation.

	30.06.2019	31.12.2018
Investment property in Warsaw at Jagiellońska 76	9 640	9 553
Activated costs related to the property	-	-
Total	**9 640**	**9 553**

Contractual commitments for acquisition of investment properties

	30.06.2019	31.12.2018
Purchase of investment property in Warsaw at Jagiellońska 76	-	10 952
Total	**-**	**10 952**

Note 7. Perpetual usufruct of land

Value and area of land subject to perpetual usufruct

	30.06.2019	31.12.2018
Perpetual usufruct of land in Warsaw at Jagiellońska 76 (2 913 m^2)	3 478	3 478
Total	**3 478**	**3 478**

Note 8. Inventories

Changes in inventories

	30.06.2019	31.12.2018
Goods	723	249
Other materials	8	9
Gross inventories	**731**	**258**
Inventory impairment allowances	-	-
Net inventories	**731**	**258**

Changes in inventory impairment allowances

None reported.

Note 9. Trade and other receivables

Changes in receivables

	30.06.2019	31.12.2018
Trade and other receivabes	**126 625**	**56 239**
from affiliates	212	31
from external entities	126 413	56 208
Impairment allowances	**909**	**912**
Gross receivables	**127 534**	**57 151**

Changes in impairment allowances on receivables

	Trade receivables	Other receivables	Total
OTHER ENTITIES			
Impairment allowances as of 01.01.2019	**180**	**732**	**912**
Increases	**-**	**-**	**-**
Reductions from:	**3**	**-**	**3**
dissolution of allowances due to collection of receivables	3	-	3
Impairment allowances as of 30.06.2019	**177**	**732**	**909**

Current and overdue trade receivables as of 30.06.2019

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
AFFILIATES							
gross receivables	193	193	-	-	-	-	-
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	**193**	**193**	**-**	**-**	**-**	**-**	**-**

(all figures quoted in PLN thousands unless indicated otherwise)

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	90 385	90 066	37	4	95	5	178
non-fulfillment ratio		0%	0%	0%	0%	0%	2%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	177	-	-	-	-	-	177
total expected credit loss	177	-	-	-	-	-	177
Net receivables	**90 208**	**90 066**	**37**	**4**	**95**	**5**	**1**
Total							
gross receivables	90 578	90 259	37	4	95	5	178
impairment allowances	177	-	-	-	-	-	177
Net receivables	**90 401**	**90 259**	**37**	**4**	**95**	**5**	**1**

Other receivables

	30.06.2019	31.12.2018
Other receivables, including:	**36 224**	**19 231**
tax returns except corporate income tax	11 789	15 311
advance payments for supplies	23 333	1 085
deposits	446	480
prepaid licensing royalties	589	620
advance payment for investment properties and perpetual usufruct of land	-	1 667
employee settlements	52	29
others	15	39
Impairment allowances	**732**	**732**
Other gross receivables	**36 956**	**19 963**

Note 10. Prepaid expenses

	30.06.2019	31.12.2018*
Non-life insurance	167	117
Minimum guarantees; payments advanced to GOG	17 841	19 670
Software, licenses	1 472	890
Business travel (airfare, accommodation, insurance)	140	113
Transaction costs	381	-
Marketing platform costs	319	-
IT security	190	282
Expenditures related to participation in fairs	387	-
Other prepaid expenses	297	430
Total prepaid expenses	**21 194**	**21 502**

** adjusted data*

(all figures quoted in PLN thousands unless indicated otherwise)

Note 11. Deferred income tax

Negative temporary differences requiring recognition of deferred tax assets

	31.12.2018	increases	reductions	30.06.2019
Provisions for other employee benefits	214	52	42	224
Provisions for compensation dependent on financial result	14 356	7 134	14 401	7 089
Tax loss	2 760	-	282	2 478
Negative exchange rate differences	16	778	204	590
Employee compensation and social security expenses payable in future reporting periods	6	10	4	12
Deferred revenues associated with adding funds to virtual wallets and participation in the additional benefits program	3 364	3 580	4 173	2 771
Other provisions	2 024	631	2 220	435
R&D tax relief	52 532	-	-	52 532
Other sources	-	7	-	7
Total negative temporary differences	**75 272**	**12 192**	**21 326**	**66 138**
Tax rate (Poland)	19%	19%	19%	19%
Deferred tax assets	**14 302**	**2 316**	**4 052**	**12 566**

Positive temporary differences requiring recognition of deferred tax provisions

	31.12.2018*	increases	reductions	30.06.2019
Difference between net carrying value and net tax value of fixed assets and intangibles	21 596	1 385	18 912	4 069
Income in the current period invoiced in the following period, and sales returns in the current period	30 793	51 293	42 096	39 990
Positive exchange rate differences	271	1 234	622	883
Difference between balance sheet value and tax value of R&D expenditures	9 912	-	2 376	7 536
Other sources	490	101	458	133
Total positive temporary differences	**63 062**	**54 013**	**64 464**	**52 611**
Tax rate (Poland)	19%	19%	19%	19%
Deferred tax provisions	**11 982**	**10 262**	**12 248**	**9 996**

** adjusted data*

Balance of deferred tax assets/provisions

	30.06.2019	31.12.2018
Deferred tax assets	12 566	14 302
Deferred tax provisions	9 996	11 982
Net deferred tax assets (provisions)	**2 570**	**2 320**

Income tax reported in profit/loss account

	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018
Current income tax	12 945	7 195
Changes in deferred income tax	(250)	6 965
Income tax reported in profit/loss account	**12 695**	**14 160**

(all figures quoted in PLN thousands unless indicated otherwise)

Note 12. Provisions for employee benefits and similar liabilities

	30.06.2019	31.12.2018
Provisions for retirement benefits and pensions	192	192
Total, including:	**192**	**192**
long-term provisions	190	190
short-term provisions	2	2

No changes in provisions for employee benefits and similar liabilities occurred between 1 January and 30 June 2019.

Note 13. Other provisions

	30.06.2019	31.12.2018
Provisions for warranty-covered repairs and returns	**3**	**15**
Provisions for liabilities, including:	**10 782**	**23 149**
financial statement audit and review expenses	50	100
provisions for bought-in services	355	457
provisions for bonuses dependent on the financial result	10 375	21 246
provisions for other expenses	2	1 346
Total, including:	**10 785**	**23 164**
long-term provisions	-	-
short-term provisions	10 785	23 164

Changes in other provisions

	Provisions for warranty-covered repairs and returns	Provisions for bonuses dependent on financial result	Other provisions	Total
As of 01.01.2019	**15**	**21 246**	**1 903**	**23 164**
Provisions created during fiscal year	3	10 508	678	11 189
Provisions consumed	-	21 379	2 141	23 520
Provisions dissolved	15	-	33	48
As of 30.06.2019, including:	**3**	**10 375**	**407**	**10 785**
long-term provisions	-	-	-	-
short-term provisions	3	10 375	407	10 785

(all figures quoted in PLN thousands unless indicated otherwise)

Note 14. Other liabilities

	30.06.2019	31.12.2018*
Liabilities associated with other taxation, duties, social security and other payments, except corporate income tax	**9 099**	**6 822**
VAT	7 090	5 186
Flat-rate tax deducted at source	9	17
Personal income tax	890	1 019
Social security (ZUS) payments	1 073	571
National Fund for the Rehabilitation of the Disabled (PFRON) payments	29	26
PIT-8A settlements	8	3
Other liabilities	**123**	**10 963**
Other settlements with employees	15	9
Other settlements with members of the management boards of Capital Group member companies	13	30
Liabilities associated with purchase of investment properties	-	10 952
Social Benefits Fund (ZFŚS) – other settlements	17	(31)
Advance payments from foreign clients	78	3
Total other liabilities	**9 222**	**17 785**

** adjusted data*

Note 15. Deferred revenues

	30.06.2019	31.12.2018*
Subsidies	7 744	6 510
Future period sales	73 543	22 614
Official mobile phone rental	13	18
Others	2 770	3 368
Total, including:	**84 070**	**32 510**
long-term deferrals	226	6 338
short-term deferrals	83 844	26 172

** adjusted data*

Note 16. Disclosure of financial instruments

Fair value of financial instruments per class

The Management Board of the Group has performed an analysis of each class of financial instruments and came to the conclusion that the carrying amount of each instrument matches their respective fair value as of 30 June 2019 and 31 December 2018 respectively.

Financial assets – classification and appraisal

	30.06.2019	31.12.2018
Financial assets held at amortized cost	**620 535**	**696 448**
Other long-term receivables	574	570
Trade receivables	90 401	37 008
Cash and cash equivalents	68 274	103 878
Bank deposits (maturity beyond 3 months)	461 286	554 992
Capital market instruments held at purchase price	**6 757**	**3 683**
Shares in entities excluded from consolidation	6 757	3 683
Total financial assets	**627 292**	**700 131**

(all figures quoted in PLN thousands unless indicated otherwise)

Financial liabilities – classification and appraisal

	30.06.2019	31.12.2018
Financial liabilites held at amortized cost	**57 040**	**50 323**
Trade liabilities	45 327	49 914
Other financial liabilities	11 713	409

Note 17. Sales revenues

Sales revenues by territory

	01.01.2019 – 30.06.2019		01.01.2018 – 30.06.2018	
	PLN	%	PLN	%
Domestic sales	7 806	3.64%	7 091	4.20%
Exports, including:	**206 601**	**96.36%**	**161 343**	**95.80%**
Europe	51 496	24.02%	49 531	29.41%
North America	140 716	65.63%	99 356	58.99%
South America	1 485	0.69%	1 363	0.81%
Asia	9 213	4.30%	7 134	4.24%
Australia	3 364	1.57%	3 573	2.12%
Africa	327	0.15%	386	0.23%
Total	**214 407**	**100%**	**168 434**	**100%**

Sales revenues by product type

	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018
Own products	109 775	108 772
External products	72 877	59 637
Other revenues	31 755	25
Total	**214 407**	**168 434**

Sales revenues by distribution channel

	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018
Box editions of videogames	7 743	13 702
Digital editions of videogames	173 153	153 343
Other revenues	33 511	1 389
Total	**214 407**	**168 434**

(all figures quoted in PLN thousands unless indicated otherwise)

Note 18. Operating expenses

	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018*
Depreciation and impairment of fixed assets, intangibles and development projects, including:	3 952	2 350
- depreciation of buildings held under lease agreements	1 472	-
- depreciation of vehicles held under lease agreements	100	84
Consumption of materials and energy	1 040	663
Bought-in services, including:	33 825	30 567
- costs associated with short-term lease agreements and leasing of low-value assets	266	-
Taxes and fees	473	353
Employee compensation, social security and other benefits	48 183	27 551
Business travel	1 615	1 503
Use of company cars	58	68
Value of goods and materials sold	51 242	43 738
Cost of products and services sold	14 926	91
Other expenses	63	130
Total	**155 377**	**107 014**
Selling costs	53 373	46 639
General and administrative costs	35 836	16 546
Cost of products, goods and materials sold	66 168	43 829
Total	**155 377**	**107 014**

** adjusted data*

Note 19. Other operating revenues and expenses

Other operating revenues

	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018*
Subsidies	98	92
Reinvoicing revenues	961	309
Dissolution of unused provisions	2	78
Insurance claims and compensation for damages	-	12
Fixed assets and goods received free of charge	740	29
Profit from sales of fixed assets	81	41
Other miscellaneous operating revenues	84	71
Total operating revenues	**1 966**	**632**

** adjusted data*

(all figures quoted in PLN thousands unless indicated otherwise)

Other operating expenses

	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018
Donations	6	41
Reinvoicing expenses	963	309
Unrecoverable withholding tax	13	26
Insurance premiums	-	1
Disposal of materials and goods	-	69
Losses from revaluation of own shares	-	96
Expenses associated with other sales	34	112
Other taxes and fees	-	315
Other miscellaneous operating expenses	7	15
Total operating expenses	**1 023**	**984**

Note 20. Financial revenues and expenses

Financial revenues

	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018
Revenues from interest:	**5 199**	**5 781**
on short-term bank deposits	5 195	5 776
on trade settlements	4	5
Other financial revenues	**-**	**-**
Total financial revenues	**5 199**	**5 781**

Financial expenses

	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018
Interest payments:	**349**	**33**
on lease agreements	328	5
on budget commitments	21	28
Other financial expenses, including:	**469**	**459**
surplus negative exchange rate differences	469	459
Total financial expenses	**818**	**492**
Net balance of financial activities	**4 381**	**5 289**

(all figures quoted in PLN thousands unless indicated otherwise)

Note 21. 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 exemption 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 30 June 2019, can be found in Note 18).

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

	30.06.2019
less than 1 year	269
between 1 and 5 years	867
more than 5 years	-
Total	**1 136**

Note 22. Issue, buyback and redemption of debt and capital securities

Issue of debt securities

Not applicable.

Issue of capital securities

	30.06.2019	31.12.2018
Stock volume (thousands)	96 120	96 120
Nominal value per share (PLN)	1	1
Share capital	**96 120**	**96 120**

Note 23. Dividends declared or paid out and collected

On 23 May 2019 the Ordinary General Meeting of CD PROJEKT S.A. adopted a resolution directing the Company to allocate part of its profit obtained in 2018 to a dividend payable to shareholders. In line with this resolution, on 13 June 2019, the parent Company paid out a dividend in the amount of 100 926 000 PLN, i.e. 1.05 PLN per share. The dividend applied to 96 120 000 parent Company shares.

Note 24. Transactions with affiliates

Rules 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 Capital Group are estimated in accordance with OECD guidelines and national legislation. 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 Capital Group are carried out under conditions approximating those which unaffiliated entities could be expected to agree upon. Given that entities comprising the CD PROJEKT Capital Group fulfill the Corporate Income Tax Act provisions regarding transfer prices, they are obligated to submit the relevant tax forms.

Transactions with affiliates following consolidation eliminations

	Sales to affiliates		Purchases from affiliates		Receivables from affiliates		Liabilities due to affiliates	
	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018
SUBSIDIARIES								
CD PROJEKT Co., Ltd.	-	29	1 654	2 045	-	-	281	625
Spokko sp. z o.o.	145	-	-	-	58	28	-	-
CD PROJEKT RED STORE sp. z o.o.	258	-	-	-	147	-	-	-
GROUP MEMBER COMPANY EXECUTIVES								
Marcin Iwiński	10	4	-	-	19	-	-	2
Adam Kiciński	5	2	-	-	-	-	3	28
Piotr Nielubowicz	2	2	-	-	-	-	9	-
Michał Nowakowski	5	5	-	-	-	3	-	-
Adam Badowski	2	1	-	-	-	-	1	-
Oleg Klapovskiy	1	-	-	-	-	-	-	-

(all figures quoted in PLN thousands unless indicated otherwise)

Note 25. Bad loans and breaches of loan agreements not subject to remedial proceedings as of the balance sheet date

Not applicable.

Note 26. Changes in conditional liabilities and assets since the close of the most recent fiscal year

Conditional liabilities from sureties and collateral pledged

	Type of agreement	Currency	30.06.2019	31.12.2018
mBank S.A.				
Declaration of submission to enforcement	Collateral for credit card agreement	PLN	920	920
Promissory note agreement	Framework agreement concerning forward and derivative transactions	PLN	7 710	7 710
Promissory note agreement	Collateral for lease agreement	PLN	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
National Centre for Research and Development (Narodowe Centrum Badań i Rozwoju)				
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0105/16	PLN	7 934	7 934
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0110/16	PLN	5 114	5 114
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0112/16	PLN	3 857	3 857
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0118/16	PLN	5 324	5 324
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0120/16	PLN	1 234	1 234

(all figures quoted in PLN thousands unless indicated otherwise)

Santander Leasing S.A. (formerly BZ WBK Leasing S.A.)				
Promissory note agreement	Lease agreement no. CZ5/00013/2017	PLN	-	115
Promissory note agreement	Lease agreement no. CZ5/00036/2017	PLN	-	50
Promissory note agreement	Lease agreement no. CR/01390/2018	PLN	241	299
Santander Bank Polska S.A. (formerly BZ WBK S.A.)				
Promissory note agreement	Framework agreement concerning treasury transactions	PLN	6 500	6 500

(all figures quoted in PLN thousands unless indicated otherwise)

Note 27. Changes in the structure of the Capital Group and its member entities occurring during the reporting period

On 14 January 2019 a new company was incorporated in the framework of the Capital Group under the name CD PROJEKT RED STORE sp. z o.o. CD PROJEKT S.A. holds 100% of shares of the new company. The mission of the newly established company is to carry out online marketing of tie-in products associated with CD PROJEKT RED videogames.

Note 28. Agreements which may, in the future, result in changes in the proportion of shares held by shareholders and bondholders

On 24 May 2016 the General Meeting of Shareholders voted to institute a new incentive program covering the years 2016-2021. According to the program's conditions, a maximum of 6 000 000 entitlements may be granted. Implementation of the program may be carried out by issuing and assigning series B subscription warrants, entitling holders to claim Company shares issued as a conditional increase in the Company share capital, or by presenting entitled parties with an offer to buy existing shares which the Company will have previously bought back on the open market. In either case, implementation of the program is contingent upon meeting specific result goals (80% of entitlements) and market goals (20% of entitlements), in addition to a loyalty criterion which applies to each entitled party until such time as the attainment of either goal is officially declared.

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

Note 29. Fiscal settlements

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

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

On 15 July 2016 the Tax Code was amended to reflect the stipulations of the General Anti-Avoidance Rule (GAAR). The goal of GAAR is to discourage creation and exploitation of fictitious legal structures which serve primarily as a means of avoiding taxation. GAAR 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 Capital Group, as well as – in certain instances – refuse to issue binding interpretations securing fiscal settlements.

Note 30. Clarifications regarding the condensed interim consolidated statement of cash flows

	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018*
Total cash and cash equivalents reported in the cash flow statement	**68 274**	**132 497**
Cash on balance sheet	68 274	132 497
Depreciation	**3 952**	**2 350**
Depreciation of intangibles	715	872
Depreciation of expenditures on development projects	149	22
Depreciation of fixed assets	3 088	1 456
Interest and profit sharing consists of:	**(4 867)**	**(5 771)**
Interest collected	(5 195)	(5 776)
Interest on lease agreements	328	5
Profit (loss) from investment activities consists of:	**(821)**	**299**
Sales of fixed assets	(130)	(41)
Net value of tangible fixed assets sold	49	-
Fixed assets received free of charge	(740)	(29)
Losses from revaluation of own shares	-	96
Other costs related to acquisition of an enterprise, aggregated with general and administrative expenses	-	273
Changes in provisions consist of:	**(10 111)**	**(36 734)**
Changes in provisions for liabilities	(12 379)	(32 857)
Changes in provisions for compensation contingent upon the Group's financial result capitalized upon expenditures on development projects	2 268	(3 877)
Changes in inventories consist of:	**(473)**	**71**
Changes in inventories	(473)	71
Changes in receivables consist of:	**(72 051)**	**9 200**
Balance of changes in short-term receivables	(72 540)	(925)
Balance of changes in long-term receivables	(4)	(11)
Advance payments for investment properties and perpetual usufruct of land	(1 667)	727
Income tax set against withholding tax	8 249	3 547
Adjustments for current income tax	(6 081)	5 818
Receivables taken over in acquisition of enterprise	-	44
Changes in receivables associated with withdrawal from an agreement concerning purchase of fixed assets	(8)	-
Changes in short-term liabilities except financial liabilities consist of:	**(6 093)**	**512**
Balance of changes in short-term liabilities	(7 926)	(2 366)
Adjustments for current income tax	(19)	3 158
Changes in financial liabilities	(5 205)	(54)
Changes in liabilities associated with purchases of fixed assets	126	232
Changes in liabilities associated with purchases of intangibles	(2 036)	(457)
Changes in liabilities associated with purchases of investment properties	8 967	-
Liabilities taken over in acquisition of enterprise	-	(1)
Changes in other assets and liabilities consist of:	**51 868**	**2 756**
Balance of changes in prepaid expenses	308	(102)
Balance of changes in deferred revenues	51 560	2 835
Balance of prepaid expenses and deferred revenues taken over in acquisition of enterprise	-	23

(all figures quoted in PLN thousands unless indicated otherwise)

Other adjustments consist of:	21 053	4 551
Costs of incentive program	20 953	4 440
Depreciation aggregated with cost of sales and consortium settlements	116	49
Exchange rate differences	(16)	62

** adjusted data*

Note 31. Cash flows and other non-monetary changes associated with financial liabilities

	01.01.2019	Cash flows	Non-monetary changes				30.06.2019
			Acquisitions of fixed assets under lease agreements	Changes in exchange rate differences	Accrued interest	Adoption of resolution concerning dividend payment	
Lease liabilities	409	(3 425)	14 460	(59)	328	-	11 713
Liabilities due to shareholders in conjunction with dividend payments	-	(100 926)	-	-	-	100 926	-
Total	**409**	**(104 351)**	**14 460**	**(59)**	**328**	**100 926**	**11 713**

	01.01.2018	Cash flows	Non-monetary changes				30.06.2018
			Acquisitions of fixed assets under lease agreements	Changes in exchange rate differences	Accrued interest	Adoption of resolution concerning dividend payment	
Lease liabilities	338	(242)	217	-	5	-	318
Total	**338**	**(242)**	**217**	**-**	**5**	**-**	**318**

Note 32. Events occurring after the balance sheet date

A description of events occurring after the balance sheet date can be found in the Management Board report on CD PROJEKT Capital Group activities for the period between 1 January and 30 June 2019.

(all figures quoted in PLN thousands unless indicated otherwise)

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

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Condensed interim separate profit and loss account

	Note	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018
Sales revenues		**137 680**	**107 205**
Revenues from sales of products		104 460	104 681
Revenues from sales of services		32 539	933
Revenues from sales of goods and materials		681	1 591
Cost of products, goods and materials sold		**12 981**	**2 271**
Cost of products and services sold		12 319	801
Value of goods and materials sold		662	1 470
Gross profit (loss) from sales		**124 699**	**104 934**
Selling costs		36 961	31 171
General and administrative costs		29 435	12 334
Other operating revenues		2 297	1 018
Other operating expenses		1 369	1 078
(Impairment losses)/reversal of impairment of financial instruments		3	221
Operating profit (loss)		**59 234**	**61 590**
Financial revenues		4 964	5 758
Financial expenses		353	30
Profit (loss) before tax		**63 845**	**67 318**
Income tax	A	12 299	13 765
Net profit (loss)		**51 546**	**53 553**
Net earnings per share (in PLN)			
Basic for the reporting period		0.54	0.56
Diluted for the reporting period		0.51	0.53

(all figures quoted in PLN thousands unless indicated otherwise)

Condensed interim separate statement of comprehensive income

	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018
Net profit (loss)	**51 546**	**53 553**
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	**51 546**	**53 553**

Condensed interim separate statement of financial position

	Note	30.06.2019	31.12.2018
FIXED ASSETS		**432 956**	**369 328**
Tangible assets		26 493	16 507
Intangibles		101 365	99 848
Expenditures on development projects		266 892	218 795
Investment properties		9 640	9 553
Perpetual usufruct of land		3 478	3 478
Investments in subsidiaries	F	24 033	20 279
Other financial assets		95	298
Deferred income tax assets	A	386	-
Other long-term receivables	F	574	570
WORKING ASSETS		**619 182**	**676 398**
Inventories		348	258
Fixed assets held for sale		-	49
Trade receivables	E,F	95 075	31 397
Current income tax receivables		3 171	1 396
Other receivables	E	34 880	45 474
Other financial assets		784	421
Prepaid expenses		2 332	1 262
Cash and cash equivalents	F	21 306	41 149
Bank deposits (maturity beyond 3 months)	F	461 286	554 992
TOTAL ASSETS		**1 052 138**	**1 045 726**

(all figures quoted in PLN thousands unless indicated otherwise)

	Note	30.06.2019	31.12.2018*
EQUITY		**943 861**	**971 515**
Share capital	22**	96 120	96 120
Supplementary capital		748 324	739 799
Other reserve capital		47 871	26 145
Net profit (loss) for the reporting period		51 546	109 451
LONG-TERM LIABILITIES		**4 394**	**6 853**
Other financial liabilities	F	4 166	163
Deferred income tax provisions	A	-	204
Deferred revenues		44	6 302
Provisions for employee benefits and similar liabilities		184	184
SHORT-TERM LIABILITIES		**103 883**	**67 358**
Other financial liabilities	F	4 358	246
Trade liabilities	F	10 879	10 429
Other liabilities		1 796	12 357
Deferred revenues		76 813	22 790
Provisions for employee benefits and similar liabilities		2	2
Other provisions		10 035	21 534
TOTAL EQUITY AND LIABILITIES		**1 052 138**	**1 045 726**

** adjusted data*

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

(all figures quoted in PLN thousands unless indicated otherwise)

Condensed interim statement of changes in separate equity

	Share capital	Supplementary capital	Own shares	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
01.01.2019 – 30.06.2019							
Equity as of 01.01.2019	**96 120**	**739 799**	**-**	**26 145**	**109 451**	**-**	**971 515**
Cost of incentive program	-	-	-	21 726	-	-	21 726
Allocation of net profit / coverage of losses	-	8 525	-	-	(8 525)	-	-
Dividend payments	-	-	-	-	(100 926)	-	(100 926)
Total comprehensive income	-	-	-	-	-	51 546	51 546
Equity as of 30.06.2019	**96 120**	**748 324**	**-**	**47 871**	**-**	**51 546**	**943 861**

(all figures quoted in PLN thousands unless indicated otherwise)

	Share capital	Supplementary capital	Own shares	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
01.01.2018 – 30.06.2018							
Equity as of 01.01.2018	**96 120**	**539 294**	**-**	**15 212**	**201 054**	**-**	**851 680**
Cost of incentive program	-	-	-	4 969	-	-	4 969
Creation of reserve capital to finance purchase of own shares	-	(3 600)	-	3 600	-	-	-
Purchase of own shares	-	-	3 051	(3 051)	-	-	-
Transfer of own shares as partial payment for purchase of an enterprise	-	3 051	(3 051)	-	-	-	-
Allocation of net profit / coverage of losses	-	201 054	-	-	(201 054)	-	-
Total comprehensive income	-	-	-	-	-	53 553	53 553
Equity as of 30.06.2018	**96 120**	**739 799**	**-**	**20 730**	**-**	**53 553**	**910 202**

(all figures quoted in PLN thousands unless indicated otherwise)

Condensed interim statement of changes in separate cash flows

	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018*
OPERATING ACTIVITIES		
Net profit (loss)	**51 546**	**53 553**
Total adjustments:	**(9 111)**	**(30 621)**
Depreciation of fixed assets, intangibles and development projects	2 414	1 320
Depreciation of development projects recognized as cost of products and services sold	9 955	-
Profit (loss) from exchange rate differences	11	9
Interest and profit sharing	(4 721)	(5 540)
Profit (loss) from investment activities	(820)	299
Change in provisions	(9 231)	(34 846)
Change in inventories	(90)	71
Change in receivables	(70 870)	5 267
Change in liabilities excluding credits and loans	(3 012)	(2 496)
Change in other assets and liabilities	46 695	1 269
Other adjustments	20 558	4 026
Cash flows from operating activities	**42 435**	**22 932**
Income tax on profit (loss) before taxation	12 299	13 765
Income tax (paid)/reimbursed	(14 680)	(18 265)
Net cash flows from operating activities	**40 054**	**18 432**
INVESTMENT ACTIVITIES		
Inflows	**593 596**	**633 746**
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 intangibles and tangible fixed assets	130	41
Cash assets gained in acquisition of enterprise	-	26
Repayment of long-term loans granted	9 869	205
Closing bank deposits (maturity beyond 3 months)	560 839	627 929
Other inflows from investment activities	4 969	5 545
Outflows	**549 798**	**586 717**
Purchases of intangibles and fixed assets	5 547	9 388
Expenditures on development projects	55 723	42 972
Purchase of investment properties and perpetual usufruct of land	9 054	-
Capital contributions to subsidiary	2 300	-
Advance payment for investment properties and perpetual usufruct of land	-	727
Acquisition of enterprise	-	10 550
Long-term loans granted	10 041	280
Opening bank deposits (maturity beyond 3 months)	467 133	522 800
Net cash flows from investment activities	**43 798**	**47 029**

(all figures quoted in PLN thousands unless indicated otherwise)

FINANCIAL ACTIVITIES

Inflows	**290**	**-**
Collection of receivables under financial lease agreements	272	-
Interest payments	18	-
Outflows	**103 985**	**242**
Dividends and other payments to equity holders	100 926	-
Payment of liabilities under lease agreements	2 802	237
Interest payments	257	5
Net cash flows from financial activities	**(103 695)**	**(242)**
Total net cash flows	**(19 843)**	**65 219**
Balance of changes in cash and cash equivalents	**(19 843)**	**65 219**
Cash and cash equivalents at beginning of period	**41 149**	**18 499**
Cash and cash equivalents at end of period	**21 306**	**83 718**

** adjusted data*

Clarifications regarding the separate statement of cash flows

	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018
The "other adjustments" line item comprises:	**20 558**	**4 026**
Cost of incentive program	20 273	3 936
Depreciation aggregated with cost of sales and consortium settlements	285	90

(all figures quoted in PLN thousands unless indicated otherwise)

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

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 2018, except for changes in practices, presentation-related adjustments and accounting estimates 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 2018.

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 30 June 2019.

The application of IFRS 16 affects the following line items in the separate financial statement for the period between 1 January and 30 June 2019:

	As of 31.12.2018	Adjustments related to implementation of IFRS 16	As of 01.01.2019
Fixed assets			
Tangible fixed assets, including:	16 507	10 674	27 181
- leased buildings	-	10 674	10 674
Long-term liabilities			
Other financial liabilities, including:	163	5 932	6 095
- lease of buildings	-	5 932	5 932
Short-term liabilities			
Other financial liabilities, including:	246	4 742	4 988
- lease of buildings	-	4 742	4 742

(all figures quoted in PLN thousands unless indicated otherwise)

Presentation changes

This condensed interim separate financial statement for the period between 1 January and 30 June 2019 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 30 June 2018, as well as for 31 December 2018:

- In the statement of financial position for 31 December 2018 and in the statement of cash flows for the period between 1 January and 30 June 2018 the presentation of future period revenues was adjusted as follows:
  - Statement of financial position for 31 December 2018
    - Other liabilities – adjusted by (22 603) thousand PLN
    - Deferred revenues – adjusted by 22 603 thousand PLN.
  - Statement of cash flows for the period between 1 January and 30 June 2018
    - Change in liabilities except credits and loans – adjusted by 225 thousand PLN
    - Change in other assets and liabilities – adjusted by (225) thousand PLN.

  This change has no effect on the Company's financial result or equity.

- In the statement of cash flows for the period between 1 January and 30 June 2018 the presentation of advance payments for investment properties was adjusted as follows:
    - Advance payment for investment properties and perpetual usufruct of land – adjusted by 727 thousand PLN
    - Purchase of intangibles and fixed assets – adjusted by (727) thousand PLN.

- In the statement of cash flows for the period between 1 January and 30 June 2018 the presentation of provisions for compensation contingent upon the Company's financial result, capitalized upon expenditures on development projects was adjusted as follows:
    - Change in provisions – adjusted by (3 877) thousand PLN
    - Expenditures on development projects – adjusted by (3 877) thousand PLN.

Change in accounting estimate

The aggregate consolidated basic net earnings per share from continuing operations of the CD PROJEKT Capital Group for the period between 1 January 2016 and 30 June 2019 was 6.39 PLN, which is 0.12 PLN below the goal of the incentive program for 2016-2019 in force at the Group. Given the Company's stock volume, this corresponds to a difference of 11 534 thousand PLN in the Group's consolidated net profit from continuing operations. Validation of attainment of the program's goals is based solely on annual results; however, in light of the results obtained by the end of the first half of 2019, along with the Company's release schedule for the second half of the year (with regard to entitlements attributable to the CD PROJEKT RED segment), the Board has decided to alter its projections regarding the likely attainment of the program goals during the period between 2016 and 2021. Accordingly, the Board now believes that – with regard to entitlements attributable to the CD PROJEKT RED segment – the goals of the program are likely to be met as defined for the period between 2016 and 2019.

This change in estimate necessitated recognition of costs related to the expected entitlements over a shorter timeframe than originally anticipated. Earlier recognition of costs associated with the incentive program in relation to past reporting periods was reflected in the Company's accounts at the moment of the reported change in projections, i.e. during the second quarter of 2019. In the profit and loss account this change resulted in the recognition of additional expenses aggregated in the "General and administrative costs" line item, in the amount of 15 061 thousand PLN, while in the statement of financial position it resulted in an increase in the "Investments in subsidiaries" line item by 709 thousand PLN. In future reporting periods, costs associated with the incentive program will be recognized in accordance with the updated estimate.

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 30 June 2019 are as follows:

- 3 thousand PLN – dissolution of impairment allowances due to collection of receivables,
- 10 117 thousand PLN – creation of provisions for compensation dependent on financial result,
- 20 209 thousand PLN – reduction in provisions for compensation dependent on financial result due to partial use,
- 295 thousand PLN – creation of other provisions,
- 1 670 thousand PLN – reduction in other provisions due to partial use,
- 32 thousand PLN – dissolution of other provisions.

A. Deferred income tax

Negative temporary differences requiring recognition of deferred tax assets

	31.12.2018	increases	reductions	30.06.2019
Provisions for other employee benefits	211	52	42	221
Provisions for compensation dependent on financial result	13 411	6 742	13 461	6 692
Negative exchange rate differences	9	215	140	84
Other provisions	1 128	218	1 289	57
R&D tax relief	43 745	-	-	43 745
Total negative temporary differences	**58 504**	**7 227**	**14 932**	**50 799**
Tax rate (Poland)	19%	19%	19%	19%
Total deferred tax assets	**11 116**	**1 373**	**2 837**	**9 652**

Positive temporary differences requiring creation of deferred tax provisions

	31.12.2018*	increases	reductions	30.06.2019
Difference between net carrying amount and net tax value of fixed assets and intangibles	22 752	1 088	18 684	5 156
Revenues obtained in the current period but invoiced in future periods	29 545	50 225	40 495	39 275
Positive exchange rate differences	60	148	127	81
Difference between balance sheet value and tax value of R&D expenditures	6 735	-	2 612	4 123
Other sources	489	101	458	132
Total positive temporary differences	**59 581**	**51 562**	**62 376**	**48 767**
Tax rate (Poland)	19%	19%	19%	19%
Total deferred tax provisions	**11 320**	**9 797**	**11 851**	**9 266**

** adjusted data*

(all figures quoted in PLN thousands unless indicated otherwise)

Balance of deferred tax assets/provisions

	30.06.2019	31.12.2018
Deferred tax assets	9 652	11 116
Deferred tax provisions	9 266	11 320
Net deferred tax assets (provisions)	**386**	**(204)**

Income tax reported in profit and loss account

	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018
Current income tax	12 890	7 011
Change in deferred income tax	(591)	6 754
Income tax reported in profit and loss account	**12 299**	**13 765**

B. Goodwill

No changes in goodwill occurred between 1 January and 30 June 2019.

C. Business combinations

The Company did not merge with any other entity between 1 January and 30 June 2019.

D. Dividends paid out (or declared) and collected

The Company did not collect any dividends between 1 January and 30 June 2019.

On 23 May 2019 the Ordinary General Meeting of CD PROJEKT S.A. adopted a resolution directing the Company to allocate part of its profit obtained in 2018 to a dividend payable to shareholders. In line with this resolution, on 13 June 2019, the Company paid out a dividend in the amount of 100 926 000 PLN, i.e. 1.05 PLN per share. The dividend applied to 96 120 000 parent Company shares.

E. Trade and other receivables

Changes in receivables

	30.06.2019	31.12.2018
Trade and other receivables	**129 955**	**76 871**
from affiliates	12 563	29 288
from external entities	117 392	47 583
Impairment allowances	**909**	**912**
Gross trade and other receivables	**130 864**	**77 783**

(all figures quoted in PLN thousands unless indicated otherwise)

Changes in impairment allowances on receivables

	Trade receivables	Other receivables
OTHER ENTITIES		
Impairment allowances as of 01.01.2019	**180**	**732**
Increases	**-**	**-**
Reductions, including:	**3**	**-**
dissolution of allowances due to collection of receivables	3	-
Impairment allowances as of 30.06.2019	**177**	**732**

Current and past-due trade receivables as of 30.06.2019

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
AFFILIATES							
gross receivables	10 005	9 999	6	-	-	-	-
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	**10 005**	**9 999**	**6**	**-**	**-**	**-**	**-**

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	85 247	84 955	33	4	73	5	177
non-fulfillment ratio		0%	0%	0%	0%	0%	2%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	177	-	-	-	-	-	177
total expected credit loss	177	-	-	-	-	-	177
Net receivables	**85 070**	**84 955**	**33**	**4**	**73**	**5**	**-**
Total							
gross receivables	95 252	94 954	39	4	73	5	177
Impairment allowances	177	-	-	-	-	-	177
Net receivables	**95 075**	**94 954**	**39**	**4**	**73**	**5**	**-**

(all figures quoted in PLN thousands unless indicated otherwise)

Other receivables

	30.06.2019	31.12.2018
Other receivables, including:	**34 880**	**45 474**
tax returns except corporate income tax	8 858	14 272
advance payments for supplies	23 306	1 047
consortium settlements	2 540	28 308
deposits	128	160
employee settlements	41	16
advance payment for investment properties and perpetual usufruct of land	-	1 667
others	7	4
Impairment allowances	**732**	**732**
Other gross receivables	**35 612**	**46 206**

F. Disclosure of financial instruments

Fair value of financial instruments per class

The Company Board has assessed each class of financial instruments held by the Company and reached the conclusion that their carrying amount does not significantly differ from their corresponding fair value as of 30 June 2019 and 31 December 2018 respectively.

Financial assets – classification and appraisal

	30.06.2019	31.12.2018
Financial assets held at amortized cost	**578 241**	**628 108**
Other long-term receivables	574	570
Trade receivables	95 075	31 397
Cash and cash equivalents	21 306	41 149
Bank deposits (maturity beyond 3 months)	461 286	554 992
Capital market instruments held at purchase price	**24 033**	**20 279**
Investments in subsidiaries	24 033	20 279
Total financial assets	**602 274**	**648 387**

Financial liabilities – classification and appraisal

	30.06.2019	31.12.2018
Financial liabilities held at amortized cost	**19 403**	**10 838**
Trade liabilities	10 879	10 429
Other financial liabilities	8 524	409

(all figures quoted in PLN thousands unless indicated otherwise)

G. Transactions with affiliates

	Sales to affiliates		Purchases from affiliates		Receivables from affiliates		Liabilities due to affiliates	
	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018	01.01.2019 – 30.06.2019	01.01.2018 – 30.06.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018
SUBSIDIARIES								
GOG sp. z o.o.	4 779	3 864	40	83	12 793	29 257	8	48
CD PROJEKT Inc.	-	8	2 109	2 607	880	719	303	482
CD PROJEKT Co., Ltd.	-	29	1 634	1 725	-	-	281	603
Spokko sp. z o.o.	145	-	-	-	58	28	-	-
CD PROJEKT RED STORE sp. z o.o.	258	-	-	-	147	-	-	-
COMPANY BOARD MEMBERS								
Marcin Iwiński	10	4	-	-	19	-	-	2
Adam Kiciński	5	2	-	-	-	-	3	28
Piotr Nielubowicz	2	2	-	-	-	-	9	-
Michał Nowakowski	5	5	-	-	-	3	-	-
Adam Badowski	2	1	-	-	-	-	1	-

(all figures quoted in PLN thousands unless indicated otherwise)

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 Capital Group and that they constitute a true, unbiased and clear description of the finances and assets of the Capital Group as well as its current profit and loss balance.

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 2019. Where the above mentioned standards are not applicable the statement conforms to the Accounting Act of 29 September 1994 (Journal of Laws of the Republic of Poland, 2019, item no. 351 as amended) and to any secondary legislation based on said Act, as well as to the directive of the Finance Minister of 29 March 2018 regarding the publication of periodic and current reports by issuers of securities and the conditions for regarding as equivalent the information required under the laws of a non-member state (Journal of Laws of the Republic of Poland, 2018, item no. 757).

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

On 14 June 2018 the Supervisory Board of the parent Company concurred with the Audit Committee recommendation and selected Grant Thornton Polska sp. z o.o. sp. k. with a registered office in Poznań as the entity contracted to review the semiannual financial statements and to perform an audit of the annual financial statements of the Company and its Capital Group for 2018 and 2019. Grant Thornton Polska sp. z o.o. sp. k. is authorized to conduct audits of financial statements by the National Chamber of Licensed Auditors (license no. 4055).

Approval of the financial statement

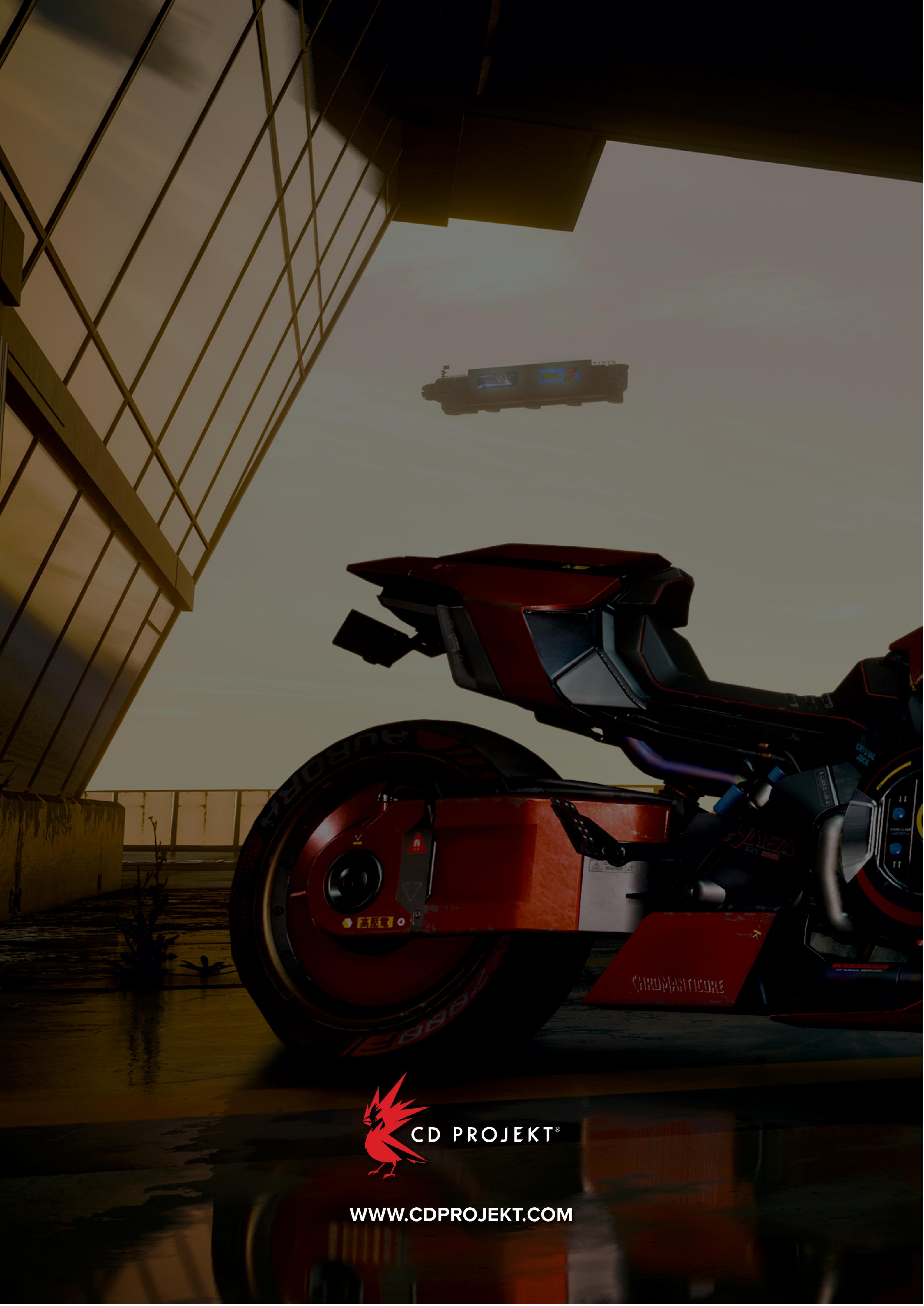
This semiannual financial statement was signed and approved for publication by the Management Board of CD PROJEKT S.A. on 29 August 2019.

Warsaw, 29 August 2019

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

(all figures quoted in PLN thousands unless indicated otherwise)



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