



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

Disclaimer

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

CD PROJEKT Group – selected financial highlights (converted into EUR)

	PLN		EUR	
	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Revenues from sales of products, services, goods and materials	363 998	215 102	81 958	50 164
Cost of products, services, goods and materials sold	107 402	66 619	24 183	15 536
Operating profit (loss)	156 084	59 885	35 144	13 966
Profit (loss) before tax	160 849	64 240	36 217	14 981
Net profit (loss) attributable to equity holders of parent entity	146 757	51 540	33 044	12 020
Net cash flows from operating activities	285 876	45 441	64 368	10 597
Net cash flows from investment activities	(168 968)	23 760	(38 045)	5 541
Net cash flows from financial activities	(1 674)	(104 355)	(377)	(24 336)
Total net cash flows	115 234	(35 154)	25 946	(8 198)
Stock volume (thousands)	96 120	96 120	96 120	96 120
Net earnings per share (PLN/EUR)	1.53	0.54	0.34	0.13
Diluted net earnings per share (PLN/EUR)	1.45	0.51	0.33	0.12
Book value per share (PLN/EUR)	13.12	10.15	2.94	2.39
Diluted book value per share (PLN/EUR)	12.50	9.67	2.80	2.27
Declared or paid out dividend per share (PLN/EUR)	-	1.05	-	0.24

	PLN		EUR	
	30.06.2020	31.12.2019*	30.06.2020	31.12.2019*
Total assets	1 597 103	1 404 108	357 614	329 719
Liabilities and provisions for liabilities (less accrued charges)	127 917	136 729	28 642	32 107
Long-term liabilities	23 702	25 239	5 307	5 927
Short-term liabilities	312 682	273 218	70 014	64 158
Equity	1 260 719	1 105 651	282 293	259 634
Share capital	96 120	96 120	21 523	22 571

* adjusted data

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

- Elements of the consolidated profit and loss account and consolidated statement of cash flows were converted into EUR by applying the arithmetic average of exchange rates for the final day of each month belonging to the reporting period, as published by NBP. The corresponding exchange rates were: 4.4413 PLN/EUR for the period between 1 January and 30 June 2020, and 4.2880 PLN/EUR for the period between 1 January and 30 June 2019 respectively.
- Assets and liabilities listed in the consolidated statement of financial position were converted into EUR by applying the exchange rate for the final day of the reporting period, as published by the National Bank of Poland. These exchange rates were: 4.4660 PLN/EUR on 30 June 2020 and 4.2585 PLN/EUR on 31 December 2019 respectively.

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CD PROJEKT

Primary financial data of the CD PROJEKT Group

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Condensed interim consolidated profit and loss account

	Note	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
Sales revenues		363 998	215 102
Revenues from sales of products	16	237 665	109 775
Revenues from sales of services	16	774	31 859
Revenues from sales of goods and materials	16	125 559	73 468
Cost of products, services, goods and materials sold		107 402	66 619
Cost of products and services sold	17	14 980	15 064
Cost of goods and materials sold	17	92 422	51 555
Gross profit (loss) from sales		256 596	148 483
Selling costs	17	72 147	55 171
General and administrative costs	17	25 860	34 390
Other operating revenues	18	4 015	1 872
Other operating expenses	18	6 445	930
(Impairment)/reversal of impairment of financial instruments		(75)	21
Operating profit (loss)		156 084	59 885
Financial revenues	19	9 530	5 201
Financial expenses	19	4 765	846
Profit (loss) before tax		160 849	64 240
Income tax	10	14 092	12 700
Net profit (loss)		146 757	51 540
Net profit/(loss) attributable to parent entity		146 757	51 540
Net earnings per share (in PLN)			
Basic for the reporting period		1.53	0.54
Diluted for the reporting period		1.45	0.51

Condensed interim consolidated statement of comprehensive income

	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
Net profit/(loss)	146 757	51 540
Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria	381	(15)
Exchange rate differences from valuation of foreign entities	290	(15)
Estimation of financial instruments at fair value through other comprehensive income, adjusted for tax effects	91	-
Other comprehensive income which will not be entered as profit (loss)	-	-
Total comprehensive income	147 138	51 525
Total comprehensive income attributable to minority interests	-	-
Total comprehensive income attributable to equity holders of CD PROJEKT S.A.	147 138	51 525

Condensed interim consolidated statement of financial position

	Note	30.06.2020	31.12.2019*
FIXED ASSETS		825 268	679 389
Property, plant and equipment	2	105 954	105 267
Intangibles	3	62 237	59 763
Expenditures on development projects	3	483 143	385 848
Investment properties	5	47 616	44 960
Goodwill	3,4	56 438	56 438
Shares in affiliates excluded from consolidation	15	8 168	8 025
Deferrals	9	9 944	18 730
Other financial assets	8,15	51 456	-
Other receivables	7,15	312	358
WORKING ASSETS		771 835	724 719
Inventories	6	16 163	12 862
Trade receivables	7,15	68 412	129 573
Current income tax receivables		14 006	20 349
Other receivables	7	52 172	60 078
Deferrals	9	28 228	19 556
Other financial assets	8,15	113 668	-
Cash and cash equivalents	15	164 640	49 406
Bank deposits (maturity beyond 3 months)	15	314 546	432 895
TOTAL ASSETS		1 597 103	1 404 108

* adjusted data



	Note	30.06.2020	31.12.2019*
EQUITY		1 260 719	1 105 651
Equity attributable to shareholders of the parent entity		1 260 719	1 105 651
Share capital	21	96 120	96 120
Supplementary capital		784 110	780 951
Other reserve capital		62 678	54 657
Exchange rate differences		1 188	898
Retained earnings		169 866	(2 290)
Net profit (loss) for the reporting period		146 757	175 315
Minority interest equity		-	-
LONG-TERM LIABILITIES		23 702	25 239
Other financial liabilities	15	17 209	17 751
Other liabilities	13	3 293	3 421
Deferred income tax liabilities	10	518	2 935
Deferred revenues	14	1 682	364
Provisions for employee benefits and similar liabilities	11	255	255
Other provisions	12	745	513
SHORT-TERM LIABILITIES		312 682	273 218
Other financial liabilities	15	2 356	2 154
Trade liabilities	15	54 702	59 866
Current income tax liabilities		1 022	118
Other liabilities	13	17 724	11 041
Deferred revenues	14	206 785	161 364
Provisions for employee benefits and similar liabilities	11	2	2
Other provisions	12	30 091	38 673
TOTAL EQUITY AND LIABILITIES		1 597 103	1 404 108

* adjusted data

Condensed interim statement of changes in consolidated equity

	Share capital	Supplementary capital	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Parent entity shareholders' equity	Total equity
01.01.2020 – 30.06.2020								
Equity as of 01.01.2020	96 120	780 951	54 657	898	173 025	-	1 105 651	1 105 651
Cost of incentive program	-	-	7 930	-	-	-	7 930	7 930
Allocation of net profit/ coverage of losses	-	3 159	-	-	(3 159)	-	-	-
Total comprehensive income	-	-	91	290	-	146 757	147 138	147 138
Equity as of 30.06.2020	96 120	784 110	62 678	1 188	169 866	146 757	1 260 719	1 260 719

	Share capital	Supplementary capital	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Parent entity shareholders' equity	Total equity
01.01.2019 – 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
Cost of incentive program	-	-	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)	-	51 540	51 525	51 525
Equity as of 30.06.2019	96 120	780 951	47 872	997	(2 290)	51 540	975 190	975 190

Condensed interim consolidated statement of cash flows

	Note	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
OPERATING ACTIVITIES			
Net profit (loss)		146 757	51 540
Total adjustments:	29	134 315	(3 701)
Depreciation of PP&E, intangibles, expenditures on development projects and investment properties		4 032	3 964
Depreciation of expenditures on development projects recognized as cost of products and services sold		14 165	13 191
Profit (loss) from exchange rate differences		1 131	-
Interest and profit sharing		(4 049)	(4 868)
Profit (loss) from investment activities		(3 699)	(821)
Change in provisions		(6 412)	(10 111)
Change in inventories		(3 301)	(829)
Change in receivables		75 304	(72 228)
Change in liabilities excluding credits and loans		1 597	(5 608)
Change in other assets and liabilities		46 714	52 560
Other adjustments		8 833	21 049
Cash flows from operating activities		281 072	47 839
Income tax on pre-tax profit (loss)		14 092	12 700
Income tax (paid)/reimbursed		(9 288)	(15 098)
Net cash flows from operating activities		285 876	45 441
INVESTMENT ACTIVITIES			
Inflows		419 683	567 841
Reimbursement of advance payment for investment properties and perpetual usufruct of land		-	1 667
Sales of intangibles and PP&E		16	130
Closing bank deposits (maturity beyond 3 months)		415 380	560 839
Interest on bonds		33	-
Other inflows from investment activities		4 254	5 205
Outflows		588 651	544 081
Purchases of intangibles and PP&E		12 292	5 824
Expenditures on development projects		114 274	59 770
Purchase of investment properties and activation of future costs		4 093	9 054
Capital contributions to subsidiary		-	2 300
Loans granted		2 000	-
Purchase of bonds and the associated purchasing costs		158 953	-
Opening bank deposits (maturity beyond 3 months)		297 031	467 133
Other outflows from investment activities		8	-
Net cash flows from investment activities		(168 968)	23 760



FINANCIAL ACTIVITIES

Inflows		-	14
Collection of receivables arising from financial lease agreements		-	13
Interest collected		-	1
Outflows		1 674	104 369
Dividends and other payments due to equity holders		-	100 926
Payment of liabilities arising from lease agreements		1 469	3 113
Interest payments		205	330
Net cash flows from financial activities		(1 674)	(104 355)
Total net cash flows		115 234	(35 154)
Change in cash and cash equivalents on balance sheet		115 234	(35 154)
Cash and cash equivalents at beginning of period		49 406	104 378
Cash and cash equivalents at end of period		164 640	69 224



CD PROJEKT

Clarifications regarding the condensed interim consolidated financial statement

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General information

Name:	CD PROJEKT S.A.
Legal status:	Joint-stock company
Headquarters:	Jagiellońska 74, 03-301 Warsaw
Country of registration:	Poland
Principal scope of activity:	CD PROJEKT S.A. is the holding company of the CD PROJEKT Group which conducts its operations in two activity segments: CD PROJEKT RED and GOG.com
Keeper of records:	District Court for the City of Warsaw in Warsaw – Poland; 13th Commercial Department of the National Court Register (Sąd Rejonowy dla m.st. Warszawy w Warszawie, XIII Wydział Gospodarczy Krajowego Rejestru Sądowego)
Statistical Identification Number (REGON):	492707333
Waste disposal database (BDO) number:	000141053
The Group is established for an indefinite duration.	

Consolidation principles

Entities subjected to consolidation

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

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

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

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

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

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

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

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



Subsidiaries

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

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

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

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

Basis for the preparation of the condensed interim consolidated financial statement

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

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

Assumption of going concern

This condensed interim consolidated financial statement is prepared under the assumption that the Group and its parent entity intend to continue as a going concern in the foreseeable future, i.e. at least throughout the 12-month period following the balance sheet date.

The Management Board of the parent entity is not aware of any facts or circumstances which would jeopardize the assumption of going concern within said 12-month period by way of intended or forced cessation or significant reduction of continuing operations.

As of the day of preparation of this consolidated financial statement covering the period between 1 January and 30 June 2020 the Management Board is not aware of any events which should have been reflected in the accounts for that period but have not been reflected therein. Additionally, no important events have occurred in relation to the preceding years.

Compliance with International Financial Reporting Standards

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

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

Where the above mentioned standards are not applicable the statement conforms to the Accounting Act of 29 September 1994 (Journal of Laws of the Republic of Poland, 2019, item. 351 as amended) and to any secondary legislation based on said Act, as well as to the directive of the Finance Minister of 29 March 2018 regarding the publication of periodic and current reports by issuers of securities and conditions for regarding as equivalent the information required under the laws of a non-member state (Journal of Laws of the Republic of Poland, 2018, item 757).

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

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

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

- **IFRS 14 Regulatory deferral accounts** - applicable to annual reporting periods beginning on or after 1 January 2016. The European Commission has decided to withhold approval of this temporary standard for use in the UE until the final version of the standard is published,
- Amendments to **IFRS 16 Leases: Covid-19-related rent concessions** - applicable to reporting periods beginning on or after 1 June 2020,
- Amendments to **IFRS 4 Insurance contracts: extension of the temporary exemption from applying IFRS 9** - applicable to reporting periods beginning on or after 1 January 2021,
- Amendments to **MSSF 9 Financial instruments, IAS 39 Financial instruments: recognition and measurement, IFRS 7 Financial instruments: disclosures, IFRS 4 Insurance contracts and IFRS 16 Leases: IBOR reform phase 2** - applicable to reporting periods beginning on or after 1 January 2021,
- Amendments to **IAS 1 Presentation of financial statements: classification of liabilities as current or non-current** - applicable to reporting periods beginning on or after 1 June 2022 (with the option to defer application until 1 January 2023),
- Amendments to **IFRS 3 Business combinations, IAS 16 Property, plant and equipment, IAS 37 Provisions, contingent liabilities and contingent assets, Amendments to IFRS (2018-2020) introduced in the annual IFRS improvements cycle** - applicable to reporting periods beginning on or after 1 January 2022,
- **IFRS 17 Insurance Contracts** - applicable to reporting periods beginning on or after 1 January 2023.

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

Functional currency and presentation currency

Functional currency and presentation currency

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

Transactions and balances

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

Assumption of comparability of financial statements and changes in accounting policies

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

Changes in accounting policies

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

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

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

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

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

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

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

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

Change in composition of companies subjected to consolidation

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



Presentation changes

This condensed interim consolidated financial statement for the period between 1 January and 30 June 2020 includes certain adjustments in the presentation of financial data, introduced in order to maintain comparability of financial statements. The following presentation changes have been introduced with regard to financial data for 31 December 2019:

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

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

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

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

Disclosure of seasonal or cyclical activities

A detailed description of seasonal and cyclical activities can be found in the Management Board report on CD PROJEKT Group activities for the period between 1 January and 30 June 2020.

Financial audit

The financial data contained in the statement of financial position for 30 June 2020 and the financial data contained in the profit and loss account, cash flow account and account of changes in equity for the period between 1 January and 30 June 2020, as well as for the period between 1 January and 30 June 2019, were not subjected to a formal audit by a licensed auditor. The aforementioned financial data was subjected to a review by a licensed auditor. The statement of financial position for 31 December 2019 was subjected to a formal audit by a licensed auditor.



CD PROJEKT

Supplementary information – CD PROJEKT Group activity segments

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Activity segments

Presentation of results by activity segment

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

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

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

Disclosure of activity segments

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.com		
01.01.2020 – 30.06.2020				
Sales revenues	260 355	109 794	(6 151)	363 998
sales to external clients	254 205	109 794	-	363 999
sales between segments	6 151	-	(6 151)	-
Segment net profit (loss)	141 164	5 573	20	146 757

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.com		
01.01.2019 – 30.06.2019				
Sales revenues	139 420	81 108	(5 426)	215 102
sales to external clients	136 870	81 108	-	217 978
sales between segments	2 550	-	(5 426)	(2 876)
Segment net profit (loss)	50 897	643	-	51 540

Segmented consolidated profit and loss account for the period between 01.01.2020 and 30.06.2020

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
Sales revenues	260 355	109 794	(6 151)	363 998
Revenues from sales of products	228 099	7 645	1 921	237 665
Revenues from sales of services	2 504	1	(1 731)	774
Revenues from sales of goods and materials	29 752	102 148	(6 341)	125 559
Cost of products, services, goods and materials sold	36 815	75 596	(5 009)	107 402
Cost of products and services sold	12 600	2 969	(589)	14 980
Cost of goods and materials sold	24 215	72 627	(4 420)	92 422
Gross profit (loss) from sales	223 540	34 198	(1 142)	256 596
Selling costs	49 432	23 818	(1 103)	72 147
General and administrative costs	22 930	3 029	(99)	25 860
Other operating revenues	4 430	300	(715)	4 015
Other operating expenses	6 819	254	(628)	6 445
(Impairment)/reversal of impairment of financial instruments	(75)	-	-	(75)
Operating profit (loss)	148 714	7 397	(27)	156 084
Financial revenues	9 388	142	-	9 530
Financial expenses	4 246	572	(53)	4 765
Profit (loss) before taxation	153 856	6 967	26	160 849
Income tax	12 692	1 394	6	14 092
Net profit (loss)	141 164	5 573	20	146 757
Net profit (loss) attributable to equity holders of parent entity	141 164	5 573	20	146 757

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	139 420	81 108	(5 426)	215 102
Revenues from sales of products	104 460	3 733	1 582	109 775
Revenues from sales of services	33 688	1	(1 830)	31 859
Revenues from sales of goods and materials	1 272	77 374	(5 178)	73 468
Cost of products, services, goods and materials sold	13 989	57 413	(4 783)	66 619
Cost of products and services sold	13 014	3 236	(1 186)	15 064
Cost of goods and materials sold	975	54 177	(3 597)	51 555
Gross profit (loss) from sales	125 431	23 695	(643)	148 483
Selling costs	36 108	19 611	(548)	55 171
General and administrative costs	31 263	3 222	(95)	34 390
Other operating revenues	2 203	123	(454)	1 872
Other operating expenses	1 276	108	(454)	930
(Impairment)/reversal of impairment of financial instruments	3	18	-	21
Operating profit (loss)	58 990	895	-	59 885
Financial revenues	4 959	294	(52)	5 201
Financial expenses	455	443	(52)	846
Profit (loss) before taxation	63 494	746	-	64 240
Income tax	12 597	103	-	12 700
Net profit (loss)	50 897	643	-	51 540
Net profit (loss) attributable to equity holders of parent entity	50 897	643	-	51 540

Segmented consolidated statement of financial position as of 30.06.2020

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

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

Condensed interim statement of financial position as of 31.12.2019*

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

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

* adjusted data



CD PROJEKT

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

4



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

Significant events

In the first half of 2020 the CD PROJEKT Group's results were primarily affected by sales of The Witcher 3: Wild Hunt and its expansions (Hearts of Stone and Blood and Wine), sold separately as well as in the Game of the Year Edition bundle for the PC, Xbox One, PS4 and Nintendo Switch.

With regard to development projects, the most important contribution to the Group's expenditures in the reporting period was from the Cyberpunk 2077 project.

Additionally, in the second quarter of the current year, in the framework of diversifying allocation of surplus cash assets CD PROJEKT purchased domestic and foreign (US, German and Swiss) treasury bonds with an aggregate balance sheet value of 157 878 thousand PLN. With regard to treasury bonds denominated in foreign currencies, the Company also concluded forward currency sale contracts to hedge against the associated exchange rate risks. This operation had a significant effect on the allocation of the Group's assets and its cash flows reported in this financial statement.

Faced with the spread of the COVID-19 pandemic in the first half of 2020, the Group undertook a range of preventative actions aiming to forestall the emergence and potential spread of an infection cluster within its organizational structure. The Group introduced changes in work regulations and provided financial support for domestic activities aiming to combat the pandemic, under the auspices of the Great Orchestra for Christmas Charity (WOŚP) Foundation. Actions undertaken to mitigate this threat are discussed in the Management Board report on CD PROJEKT Group and CD PROJEKT S.A. activities between 1 January and 30 June 2020.

No other unusual circumstances affecting the Group's activities occurred in the first half of 2020.

Note 2. Property, plant and equipment

Change in PP&E (by category) between 01.01.2020 and 30.06.2020

	Land holdings	Buildings and structures	Civil engineering objects	Machinery and equipment	Vehicles	Other fixed assets	Fixed assets under construction	Total
Gross carrying amount as of 01.01.2020	35 986	65 937	1 587	31 043	2 234	2 623	151	139 561
Increases from:	-	416	134	5 977	882	92	395	7 896
purchase	-	104	4	5 934	-	92	395	6 529
lease agreements concluded	-	126	-	-	882	-	-	1 008
reclassification from fixed assets under construction	-	-	130	31	-	-	-	161
other	-	186	-	12	-	-	-	198
Reductions from:	-	503	-	86	140	-	161	890
sale	-	-	-	86	137	-	-	223
disposal	-	503	-	-	-	-	-	503
reclassification from fixed assets under construction	-	-	-	-	-	-	161	161
other	-	-	-	-	3	-	-	3
Gross carrying amount as of 30.06.2020	35 986	65 850	1 721	36 934	2 976	2 715	385	146 567
Depreciation as of 01.01.2020	84	9 322	53	21 945	1 327	1 563	-	34 294
Increases from:	252	2 735	89	3 510	249	207	-	7 042
depreciation	252	2 675	89	3 504	249	207	-	6 976
other	-	60	-	6	-	-	-	66
Reductions from:	-	503	-	83	137	-	-	723
sale	-	-	-	83	137	-	-	220
disposal	-	503	-	-	-	-	-	503
Depreciation as of 30.06.2020	336	11 554	142	25 372	1 439	1 770	-	40 613
Impairment allowances as of 01.01.2020	-	-	-	-	-	-	-	-
Impairment allowances as of 30.06.2020	-	-	-	-	-	-	-	-
Net carrying amount as of 01.01.2020	35 902	56 615	1 534	9 098	907	1 060	151	105 267
Net carrying amount as of 30.06.2020	35 650	54 296	1 579	11 562	1 537	945	385	105 954

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

	30.06.2020	31.12.2019
Leasing of passenger cars	310	144
Total	310	144

Property, plant and equipment held under lease agreements

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

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

Note 3. Intangibles and expenditures on development projects

Changes in intangibles and expenditures on development projects between 01.01.2020 and 30.06.2020

	Development projects in progress	Development projects completed	Trademarks	Patents and licenses	Copyrights	Computer software	Goodwill	Intangibles under construction	Others	Total
Gross carrying amount as of 01.01.2020	337 578	252 469	33 199	3 293	17 718	30 299	56 438	1 228	1	732 223
Increases from:	111 681	746	-	468	261	4 345	-	611	-	118 112
purchase	-	-	-	389	261	3 946	-	611	-	5 207
reclassification from intangibles under construction	-	-	-	79	-	399	-	-	-	478
reclassification from development projects in progress	-	746	-	-	-	-	-	-	-	746
own creation	111 681	-	-	-	-	-	-	-	-	111 681
Reductions from:	746	-	-	-	-	2 317	-	478	-	3 541
disposal	-	-	-	-	-	2 317	-	-	-	2 317
reclassification from intangibles under construction	-	-	-	-	-	-	-	478	-	478
reclassification from development projects in progress	746	-	-	-	-	-	-	-	-	746
Gross carrying amount as of 30.06.2020	448 513	253 215	33 199	3 761	17 979	32 327	56 438	1 361	1	846 794
Depreciation as of 01.01.2020	-	204 199	-	1 610	-	24 364	-	-	1	230 174
Increases from:	-	14 386	-	486	3	2 241	-	-	-	17 116
depreciation	-	14 386	-	486	3	2 241	-	-	-	17 116
Reductions from:	-	-	-	-	-	2 314	-	-	-	2 314
disposal	-	-	-	-	-	2 314	-	-	-	2 314
Depreciation as of 30.06.2020	-	218 585	-	2 096	3	24 291	-	-	1	244 976
Impairment allowances as of 01.01.2020	-	-	-	-	-	-	-	-	-	-
Impairment allowances as of 30.06.2020	-	-	-	-	-	-	-	-	-	-
Net carrying amount as of 01.01.2020	337 578	48 270	33 199	1 683	17 718	5 935	56 438	1 228	-	502 049
Net carrying amount as of 30.06.2020	448 513	34 630	33 199	1 665	17 976	8 036	56 438	1 361	-	601 818

Contractual commitments for future acquisition of intangibles

None reported.

Note 4. Goodwill

No changes in goodwill occurred between 1 January and 30 June 2020.

Note 5. Investment properties

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

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

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

	30.06.2020	31.12.2019
Investment property in Warsaw at Jagiellońska street	43 359	44 923
Activated costs related to the property	5 251	373
Gross value of investment properties	48 610	45 296
Depreciation	994	336
Impairment allowances on investment properties	-	-
Net value of investment properties	47 616	44 960
<hr/>		
Gross carrying amount as of 01.01.2020		45 296
Increases from:		4 878
activation of future costs		4 878
Reductions from:		1 564
disposal		1 564
Gross carrying amount as of 30.06.2020		48 610
Depreciation as of 01.01.2020		336
Increases from:		688
activation of future costs		688
Reductions from:		30
disposal		30
Depreciation as of 30.06.2020		994
Net carrying amount as of 30.06.2020		47 616

Contractual commitments for acquisition of investment properties

None reported.

Note 6. Inventories

	30.06.2020	31.12.2019
Goods	16 066	12 668
Other materials	97	194
Gross inventories	16 163	12 862
Inventory impairment allowances	-	-
Net inventories	16 163	12 862

Changes in inventory revaluation allowances

None reported.

Note 7. Trade and other receivables

	30.06.2020	31.12.2019
Gross trade and other receivables	121 732	190 770
Impairment allowances	836	761
Trade and other receivables	120 896	190 009
from affiliates	43	52
from external entities	120 853	189 957

Changes in impairment allowances on receivables

	Trade receivables	Other receivables	Total
OTHER ENTITIES			
Impairment allowances as of 01.01.2020	29	732	761
Increases from:	81	-	81
creation of allowances for past-due and contested receivables	81	-	81
Reductions from:	6	-	6
dissolution of allowances due to collection of receivables	2	-	2
dissolution of allowances for other reasons	4	-	4
Impairment allowances as of 30.06.2020	104	732	836

Current and overdue trade receivables as of 30.06.2020

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
AFFILIATES							
gross receivables	43	42	-	-	-	1	-
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	43	42	-	-	-	1	-

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	68 473	52 645	15 676	10	4	24	114
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	104	-	-	-	-	-	104
total expected credit loss	104	-	-	-	-	-	104
Net receivables	68 369	52 645	15 676	10	4	24	10

Total							
gross receivables	68 516	52 687	15 676	10	4	25	114
impairment allowances	104	-	-	-	-	-	104
Net receivables	68 412	52 687	15 676	10	4	25	10

Other receivables

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

* adjusted data

Note 8. Other financial assets

	30.06.2020	31.12.2019
Loans granted	2 003	-
Bonds	157 878	-
Derivative financial instruments	5 243	-
Other financial assets, including:	165 124	-
short-term assets	113 668	-
long-term assets	51 456	-

Note 9. Prepaid expenses

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

* adjusted data

Note 10. Deferred income tax

Negative temporary differences requiring recognition of deferred tax assets

	31.12.2019	Differences affecting deferred tax aggregated with financial result	Differences affecting deferred tax aggregated with other comprehensive income	30.06.2020
Provisions for other employee benefits	258	-	-	258
Provisions for compensation dependent on financial result	24 983	(4 161)	-	20 822
Tax loss	863	(863)	-	-
Negative exchange rate differences	705	10 774	-	11 479
Difference between balance sheet value and tax value of expenditures on development projects	6 958	276	-	7 234
Employee compensation and social security expenses payable in future reporting periods	42	(23)	-	19
Deferred revenues associated with adding funds to virtual wallets and participation in the additional benefits programs	1 746	578	-	2 324
Other provisions	2 999	(2 366)	-	633
R&D tax relief	17 389	-	-	17 389
Advances recognized as taxable income	11 107	6 463	-	17 570
Other sources	-	4	-	4
Total negative temporary differences	67 050	10 682	-	77 732
subject to 5% tax rate	37 561	3 409	-	40 970
subject to 19% tax rate	29 489	7 273	-	36 762
Deferred tax assets	7 481	1 552	-	9 033

Positive temporary differences requiring recognition of deferred tax liabilities

	31.12.2019*	Differences affecting deferred tax aggregated with financial result	Differences affecting deferred tax aggregated with other comprehensive income	30.06.2020
Future period revenues – subsidy	-	32	-	32
Difference between balance sheet value and tax value of PP&E and intangibles	12 925	578	-	13 503
Income in the current period invoiced in the following period	86 968	(46 996)	-	39 972
Positive exchange rate differences	738	8 465	-	9 203
Estimation of bonds	-	(2)	113	111
Estimation of forward contract	-	5 248	-	5 248
Difference between balance sheet value and tax value of expenditures on development projects	9 328	(3 471)	-	5 857
Other sources	216	204	-	420
Total negative temporary differences	110 175	(35 942)	113	74 346
subject to 5% tax rate	75 122	(42 448)	-	32 674
subject to 19% tax rate	35 053	6 506	113	41 672
Deferred tax liabilities	10 416	(886)	21	9 551

* adjusted data

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

Net balance of deferred tax assets/liabilities

	30.06.2020	31.12.2019
Deferred tax assets	9 033	7 481
Deferred tax liabilities	9 551	10 416
Net deferred tax assets/(liabilities)	(518)	(2 935)

Income tax reported in profit/loss account

	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
Current income tax	16 530	12 951
Changes in deferred income tax	(2 438)	(251)
Income tax reported in profit/loss account	14 092	12 700

Note 11. Provisions for employee benefits and similar liabilities

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

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

Note 12. Other provisions

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

Changes in other provisions

	Provisions for compensation contingent upon the Group's financial result	Other provisions	Total
As of 01.01.2020	36 038	3 148	39 186
Provisions created during the fiscal year	29 419	2 338	31 757
Provisions consumed	35 499	4 591	40 090
Provisions dissolved	17	-	17
As of 30.06.2020, including:	29 941	895	30 836
short-term provisions	29 196	895	30 091
long-term provisions	745	-	745

Note 13. Other liabilities

	30.06.2020	31.12.2019*
Liabilities from other taxes, duties, social security payments and others, except corporation tax	17 165	10 439
VAT	5 886	5 459
Flat-rate withholding tax	45	348
Personal income tax	6 163	3 715
Social security (ZUS) payments	4 993	860
National Disabled Persons Rehabilitation Fund (PFRON) payments	46	31
PIT-8A settlements	32	26
Other liabilities	3 852	4 023
Liabilities associated with right of first refusal and future marketing costs	3 220	3 340
Other employee-related liabilities	7	9
Other liabilities payable to management board members at Group member companies	-	4
Advance payments received from foreign clients	277	262
Other liabilities, incl. Internal Social Benefits Fund (ZFŚS)	348	408
Total other liabilities	21 017	14 462
short-term liabilities	17 724	11 041
long-term liabilities	3 293	3 421

* adjusted data



Note 14. Deferred revenues

	30.06.2020	31.12.2019*
Subsidies	15 564	13 527
Future period revenues	192 881	148 179
Official phone rental and other services	22	22
Total, including:	208 467	161 728
short-term deferrals	206 785	161 364
long-term deferrals	1 682	364

* adjusted data

Note 15. Disclosure of financial instruments

Fair value of financial instruments per class

Following an analysis of each class of financial instruments held by Group member companies, the management boards of said companies have determined that their carrying amounts in all cases reflect their corresponding fair value as of 30 June 2020 and 31 December 2019.

	30.06.2020	31.12.2019
LEVEL 1		
Assets estimated at fair value		
Financial assets estimated at fair value through other comprehensive income	108 422	-
foreign government bonds – CHF	41 458	-
foreign government bonds – EUR	20 157	-
foreign government bonds – USD	46 807	-
LEVEL 2		
Assets estimated at fair value through financial result		
Derivative instruments:	5 243	-
forward currency contract – CHF	1 980	-
forward currency contract – EUR	478	-
forward currency contract – USD	2 785	-

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

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

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

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

**Financial assets – classification and estimation**

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

* adjusted data

Financial liabilities – classification and estimation

	30.06.2020	31.12.2019
Financial liabilities estimated at amortized cost	74 267	79 771
Trade liabilities	54 702	59 866
Other financial liabilities	19 565	19 905

Note 16. Sales revenues**Sales revenues by territory***

	01.01.2020 – 30.06.2020		01.01.2019 – 30.06.2019	
	PLN	%	PLN	%
Domestic sales	13 034	3.58%	7 837	3.64%
Exports, including:	350 964	96.42%	207 265	96.36%
Europe	108 559	29.82%	52 160	24.25%
North America	189 181	51.98%	140 716	65.43%
South America	2 323	0.64%	1 485	0.69%
Asia	44 995	12.36%	9 213	4.28%
Australia	5 539	1.52%	3 364	1.56%
Africa	367	0.10%	327	0.15%
Total	363 998	100%	215 102	100%

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

Sales revenues by product type

	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
Own products	237 665	109 775
External products	125 559	73 468
Other revenues	774	31 859
Total	363 998	215 102

Sales revenues by distribution channel

	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
Videogames – box editions	50 383	7 743
Videogames – digital editions	304 311	173 032
Other revenues	9 304	34 327
Total	363 998	215 102

Note 17. Operating expenses

	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
Depreciation of PP&E, intangibles, expenditures on development projects and investment properties, including:	4 032	3 964
- depreciation of leased buildings	558	1 478
- depreciation of leased vehicles	148	100
Consumption of materials and energy	925	1 159
Bought-in services, including:	36 577	34 024
- short-term leases and leases of low-value assets	280	266
Taxes and fees	418	473
Employee compensation, social security and other benefits	54 980	48 205
Business travel	357	1 615
Use of company cars	86	58
Value of goods and materials sold	92 422	51 555
Cost of products and services sold	14 980	15 064
Other expenses	632	63
Total	205 409	156 180
Selling costs	72 147	55 171
General and administrative costs	25 860	34 390
Cost of products, goods and materials sold	107 402	66 619
Total	205 409	156 180

Note 18. Other operating revenues and expenses

Other operating revenues

	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019*
Lease revenues	2 896	-
Reinvoicing revenues	456	868
Fixed assets and goods received free of charge	409	740
Subsidies	117	98
Compensation for damages received	54	-
Other sales	31	45
Dissolution of unused provisions for expenses	18	2
Profit from sales of fixed assets	14	81
Repossession gains received	3	2
Other miscellaneous operating revenues	17	36
Total operating revenues	4 015	1 872

* adjusted data

Other operating expenses

	01.01.20120 – 30.06.2020	01.01.2019 – 30.06.2019
Donations	2 100	6
Lease costs	1 651	-
Liquidation of investment properties	1 534	-
Depreciation of investment properties	634	-
Reinvoicing expenses	456	870
Unrecoverable withholding tax	27	13
Disposal of PP&E and intangibles	3	-
Other selling costs	6	34
Other miscellaneous operating expenses	34	7
Total operating expenses	6 445	930

Note 19. Financial revenues and expenses

Financial revenues

	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
Revenues from interest:	4 287	5 201
on short-term bank deposits	4 253	5 197
on vouchers and bonds	31	-
on loans	3	-
on trade settlements	-	4
Other financial revenues:	5 243	-
forward currency transactions	5 243	-
Total financial revenues	9 530	5 201

Financial expenses

	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
Interest payments:	257	350
on lease agreements	205	329
on vouchers and bonds	33	-
on budget commitments	19	21
Other financial expenses:	4 508	496
surplus negative exchange rate differences	4 487	496
Bond purchase fees	21	-
Total financial expenses	4 765	846
Net balance of financial activities	4 765	4 355

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

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

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

	30.06.2020	31.12.2019
due within 1 year	441	549
due between 1 and 5 years	125	273
due later than in 5 years	-	-
Total	566	822

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

Issue of debt securities

Not applicable.

Issue of capital securities

	30.06.2020	31.12.2019
Stock volume (thousands)	96 120	96 120
Nominal value per share (PLN)	1	1
Share capital	96 120	96 120

Note 22. Dividends declared or paid out and collected

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



Note 23. Transactions with affiliates

Conditions governing transactions with affiliates

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

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

Transactions with affiliates following consolidation eliminations

	Sales to affiliates		Purchases from affiliates		Receivables from affiliates		Liabilities due to affiliates	
	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
SUBSIDIARIES								
CD PROJEKT Co., Ltd.	-	-	1 828	1 654	-	-	409	247
Spokko sp. z o.o.	131	145	-	-	2 045	49	-	-
GROUP MEMBER COMPANY MANAGEMENT								
Marcin Iwiński	3	10	-	-	-	-	-	3
Adam Kiciński	2	5	-	-	-	1	-	1
Piotr Nielubowicz	5	2	-	-	-	-	-	-
Michał Nowakowski	6	5	-	-	-	1	-	-
Adam Badowski	3	2	-	-	1	1	-	-
Oleg Klapovskiy	1	1	-	-	-	-	-	-



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

Not applicable.

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

Conditional liabilities from sureties and collateral pledged

	Type of agreement	Currency	30.06.2020	31.12.2019
mBank S.A.				
Declaration of submission to enforcement	Collateral for debit card agreement	PLN	920	920
Promissory note agreement	Collateral for framework agreement concerning forward and derivative transactions	PLN	50 000	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
Mazovian Unit for Implementation of EU Programs (Mazowiecka Jednostka Wdrażania Programów Unijnych)				
Contractual pledge	Pledge to cover maintenance and renovation expenses related to leased space	PLN	1 960	1 998
National Center for Research and Development (Narodowe Centrum Badań i Rozwoju)				
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0105/16	PLN	7 934	7 934
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	1 204	1 204



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

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

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

Promissory note agreement	Framework agreement concerning treasury transactions	PLN	20 000	-
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Note 26. Changes in the structure of the Group and its member entities occurring during the reporting period

None reported.

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

On 24 May 2016 the General Meeting of Shareholders of the parent Company voted to institute an incentive program covering the years 2016-2021.

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

As of the publication date of this statement the Management Board of the parent Company (and with regard to members of the Management Board – the Supervisory Board) has verified the attainment of goals as listed above, and has presented entitled parties with offers to purchase a total of 516 700 shares of the Company bought back on the market for this purpose, as well as 4 650 800 subscription warrants incorporating the right to claim new shares, issued as a conditional increase in the Company share capital.

Note 28. Fiscal settlements

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

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

IP Box preference

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

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

	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019*
Cash and cash equivalents reported in cash flow statement	164 640	69 224
Cash on balance sheet	164 640	69 224
Depreciation consists of:	4 032	3 964
Depreciation of intangibles	984	716
Depreciation of expenditures on development projects	149	149
Depreciation of property, plant and equipment	2 845	3 099
Depreciation of investment properties	54	-
Profit (loss) from exchange rate differences results from:	1 131	-
Exchange rate differences on valuation of bonds	1 131	-
Interest and share in profits consists of:	(4 049)	(4 868)
Interest on bank deposits	(4 253)	(5 197)
Interest on vouchers and bonds	2	-
Interest on loans granted	(3)	-
Interest on lease agreements	205	329
Profit (loss) from investment activities results from:	(3 699)	(821)
Revenues from sales of property, plant and equipment	(17)	(130)
Net value of property, plant and equipment sold	3	49
Net value of intangibles liquidated	3	-
Net value of investment properties liquidated	1 534	-
Fixed assets received free of charge	-	(740)
Revaluation of forward currency transactions	(5 243)	-
Bond purchase fees	21	-
Changes in provisions result from:	(6 412)	(10 111)
Changes in provisions for liabilities	(8 350)	(12 379)
Changes in provisions for compensation contingent upon the Company's financial result and other expenses aggregated with expenditures on development projects	1 938	2 268
Changes in inventory status result from:	(3 301)	(829)
Balance of changes in inventory status	(3 301)	(829)
Changes in receivables result from:	75 304	(72 228)
Balance of changes in short-term receivables	75 410	(72 717)
Balance of changes in long-term receivables	46	(4)
Advance payment for investment properties	90	(1 667)
Income tax set against withholding tax	8	8 249
Current income tax adjustments	(6 351)	(6 081)
Changes in advance payments associated with expenditures on development projects	6 478	-
Changes in advance payments associated with purchases of PP&E and intangibles	(377)	-
Changes in receivables resulting from withdrawal from fixed asset purchase agreement	-	(8)

Changes in short-term liabilities except financial liabilities result from:	1 597	(5 608)
Balance of changes in short-term liabilities	2 625	(7 430)
Current income tax adjustments	(904)	(19)
Changes in financial liabilities	(202)	(5 216)
Changes in liabilities due to purchase of property, plant and equipment	148	126
Changes in liabilities due to purchase of intangibles	785	(2 036)
Changes in liabilities due to purchase of investment properties	(875)	8 967
Adjustment for liabilities booked on the other side as prepaid expenses	20	-
Changes in other assets and liabilities result from:	46 714	52 560
Balance of changes in prepaid expenses	114	299
Balance of changes in deferred revenues	46 739	52 261
Adjustment for prepaid expenses booked on the other side as liabilities	(140)	-
Other adjustments	1	-
Other adjustments include:	8 833	21 049
Cost of incentive program	7 787	20 953
Depreciation aggregated with selling costs, other operating expenses and consortium settlements	760	113
Exchange rate differences	286	(17)

* adjusted data

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

	01.01.2020	Cash flows	Non-cash changes				30.06.2020
			Acquisition of fixed assets under lease agreements	Exchange rate differences	Accrued interest	Adoption of dividend payment resolution	
Lease liabilities	19 905	(1 674)	742	387	205	-	19 565
Total	19 905	(1 674)	742	387	205	-	19 565

	01.01.2019	Cash flows	Non-cash changes				30.06.2019
			Acquisition of fixed assets under lease agreements	Exchange rate differences	Accrued interest	Adoption of dividend payment resolution	
Lease liabilities	409	(3 429)	14 476	(61)	329	-	11 724
Liabilities due to shareholders in association with dividend payments	-	(100 926)	-	-	-	100 926	-
Total	409	(104 355)	14 476	(61)	329	100 926	11 724

Note 31. Events following the balance sheet date

Events which do not affect the financial statement for the period between 1 January and 30 June 2020.

On 28 July 2020 the Ordinary General Meeting of CD PROJEKT S.A. adopted a resolution authorizing buy-back of Company shares in order to enable the Company to offer those shares to participants of its incentive program. In line with the authorization, on 30 July 2020 the Management Board of the parent Company initiated the buy-back program, as a result of which the Company eventually acquired 516 700 of its own shares. All shares acquired in this manner were offered to participants of the incentive program after the Management Board (and with regard to members of the Management Board – the Supervisory Board) officially declared attainment of the program's goals, which took place on 11 August 2020. The aim of the process was to limit the dilution of Company stock following the vesting of the program, as well as to provide a source of funding through which entitled parties could finance the exercise of entitlements assigned to them under the Incentive Program, thereby becoming long-term shareholders of the Company. The General Meeting also adopted, among others, a resolution which institutes a remuneration policy for members of the Company's Management Board and Supervisory Board as well as a resolution which institutes a new Incentive Program for the years 2020-2025.

On 27 August 2020, in [Current Report no. 26/2020](#) the Management Board convened an Extraordinary General Meeting whose aim is to adopt a resolution amending the conditions of the Incentive Program for 2020-2025, as well as resolutions concerning increase in the share capital and issue of subscription warrants with exclusion of subscription rights for existing shareholders in order to enable implementation of the aforementioned program.

Other events which occurred after the balance sheet date and which do not affect the financial statement for the period between 1 January and 30 June 2020 include:

- the release of Thronebreaker: The Witcher tales for iOS devices (on 9 July 2020),
- the announcement of The Witcher: Monster Slayer – a game being developed by the Spokko subsidiary (on 26 August 2020).

Detailed information concerning events which occurred after the balance sheet date can be found in the Management Board report on CD PROJEKT Group and CD PROJEKT S.A. activities between 1 January and 30 June 2020.



CD PROJEKT

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

5

Condensed interim separate profit and loss account

	Note	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
Sales revenues		255 758	137 680
Revenues from sales of products		228 100	104 460
Revenues from sales of services		951	32 539
Revenues from sales of goods and materials		26 707	681
Cost of products, services, goods and materials sold		33 958	12 981
Cost of products and services sold		11 965	12 319
Value of goods and materials sold		21 993	662
Gross profit (loss) from sales		221 800	124 699
Selling costs		50 027	36 961
General and administrative costs		20 726	29 435
Other operating revenues		4 452	2 297
Other operating expenses		6 836	1 369
(Impairment)/reversal of impairment of financial instruments		(75)	3
Operating profit (loss)		148 588	59 234
Financial revenues		9 449	4 964
Financial expenses		4 127	353
Profit (loss) before tax		153 910	63 845
Income tax	A	12 636	12 299
Net profit (loss)		141 274	51 546
Net earnings per share (in PLN)			
Basic for the reporting period		1.47	0.54
Diluted for the reporting period		1.40	0.51

Condensed interim separate statement of comprehensive income

	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
Net profit (loss)	141 274	51 546
Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria	91	-
Estimation of financial instruments at fair value through other comprehensive income, adjusted for tax effects	91	-
Other comprehensive income which will not be entered as profit (loss)	-	-
Total comprehensive income	141 365	51 546

Condensed interim separate statement of financial position

	Note	30.06.2020	31.12.2019
FIXED ASSETS		800 583	645 312
Property, plant and equipment		101 551	100 684
Intangibles		111 939	109 573
Expenditures on development projects		455 848	360 030
Investment properties		47 616	44 960
Investments in subsidiaries	F	24 039	23 830
Prepaid expenses		5 800	3 519
Other financial assets	F	53 784	2 650
Other receivables	E,F	6	66
WORKING ASSETS		698 075	670 056
Inventories		12 122	8 485
Trade receivables	E,F	67 265	124 853
Current income tax receivables		13 926	19 236
Other receivables	E	58 464	67 252
Prepaid expenses		3 722	2 112
Other financial assets	F	114 561	1 037
Cash and cash equivalents	F	113 469	14 186
Bank deposits (maturity beyond 3 months)	F	314 546	432 895
TOTAL ASSETS		1 498 658	1 315 368



	Note	30.06.2020	31.12.2019*
EQUITY		1 221 221	1 071 925
Share capital	21**	96 120	96 120
Supplementary capital		748 324	748 324
Other reserve capital		62 677	54 655
Retained earnings		172 826	-
Net profit (loss) for the reporting period		141 274	172 826
LONG-TERM LIABILITIES		22 416	24 459
Other financial liabilities	F	15 547	15 915
Other liabilities		3 293	3 421
Deferred income tax provisions	A	2 420	4 870
Deferred revenues		910	7
Provisions for employee benefits and similar liabilities		246	246
SHORT-TERM LIABILITIES		255 021	218 984
Other financial liabilities	F	1 510	1 432
Trade liabilities	F	20 214	25 067
Other liabilities		11 111	5 051
Deferred revenues		194 116	151 595
Provisions for employee benefits and similar liabilities		2	2
Other provisions		28 068	35 837
TOTAL EQUITY AND LIABILITIES		1 498 658	1 315 368

* adjusted data

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

Condensed interim statement of changes in separate equity

	Share capital	Supplementary capital	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
01.01.2020 – 30.06.2020						
Equity as of 01.01.2020	96 120	748 324	54 655	172 826	-	1 071 925
Cost of incentive program	-	-	7 931	-	-	7 931
Total comprehensive income	-	-	91	-	141 274	141 365
Equity as of 30.06.2020	96 120	748 324	62 677	172 826	141 274	1 221 221

	Share capital	Supplementary capital	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

Condensed interim separate statement of cash flows

	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
OPERATING ACTIVITIES		
Net profit (loss)	141 274	51 546
Total adjustments:	119 655	(9 111)
Depreciation of PP&E, intangibles, development projects and investment properties	2 523	2 414
Depreciation of development projects recognized as cost of products and services sold	11 197	9 955
Profit (loss) from exchange rate differences	1 028	11
Interest and profit sharing	(4 028)	(4 721)
Profit (loss) from investment activities	(3 699)	(820)
Change in provisions	(5 847)	(9 231)
Change in inventories	(3 637)	(90)
Change in receivables	72 627	(70 870)
Change in liabilities excluding credits and loans	1 286	(3 012)
Change in other assets and liabilities	39 393	46 695
Other adjustments	8 812	20 558
Cash flows from operating activities	260 929	42 435
Income tax on profit (loss) before taxation	12 636	12 299
Income tax (paid)/reimbursed	(9 797)	(14 680)
Net cash flows from operating activities	263 768	40 054
INVESTMENT ACTIVITIES		
Inflows	420 354	593 596
Development expenditures reimbursed under the consortium agreement	185	16 122
Reimbursement of advance payment for investment properties and perpetual usufruct of land	-	1 667
Sales of PP&E and intangibles	14	130
Repayment of loans granted	573	9 869
Closing bank deposits (maturity beyond 3 months)	415 380	560 839
Interest on bonds	33	-
Other inflows from investment activities	4 169	4 969
Outflows	583 663	549 798
Purchases of intangibles and PP&E	11 449	5 547
Expenditures on development projects	110 129	55 723
Purchase of investment properties and activation of future costs	4 093	9 054
Capital contributions to subsidiary	-	2 300
Loans granted	2 000	10 041
Purchase of bonds and the associated purchasing costs	158 953	-
Opening bank deposits (maturity beyond 3 months)	297 031	467 133
Other outflows from investment activities	8	-
Net cash flows from investment activities	(163 309)	43 798



FINANCIAL ACTIVITIES

Inflows	-	290
Collection of receivables under financial lease agreements	-	272
Interest collected	-	18
Outflows	1 176	103 985
Dividends and other payments due to equity holders	-	100 926
Payment of liabilities under lease agreements	1 032	2 802
Interest payments	144	257
Net cash flows from financial activities	(1 176)	(103 695)
Total net cash flows	99 283	(19 843)
Balance of changes in cash and cash equivalents	99 283	(19 843)
Cash and cash equivalents at beginning of period	14 186	41 149
Cash and cash equivalents at end of period	113 469	21 306

Clarifications regarding the separate statement of cash flows

	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
The “other adjustments” line item comprises:	8 812	20 558
Cost of incentive program	7 722	20 273
Depreciation aggregated with selling costs, other operating expenses and consortium settlements	1 090	285



Comparability of financial statements and changes in accounting policies

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

Changes in accounting policies

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

Presentation changes

This condensed interim separate financial statement for the period between 1 January and 30 June 2020 includes certain adjustments in the presentation of financial data, introduced in order to maintain comparability of financial statements. The following presentation changes have been introduced with regard to financial data for 31 December 2019:

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

This change had no impact on the Company's financial result or equity.

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

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

- 81 thousand PLN – creation of impairment allowances for past-due and contested receivables,
- 2 thousand PLN – dissolution of impairment allowances due to collection of receivables,
- 4 thousand PLN – dissolution of impairment allowances,
- 27 619 thousand PLN – creation of provisions for compensation dependent on financial result,
- 33 310 thousand PLN – reduction in provisions for compensation dependent on financial result due to partial use,
- 1 708 thousand PLN – creation of other provisions,
- 3 786 thousand PLN – reduction in other provisions due to partial use.

A. Deferred income tax

Negative temporary differences requiring recognition of deferred tax assets

	31.12.2019	Differences affecting deferred tax aggregated with financial result	Differences affecting deferred tax aggregated with other comprehensive income	30.06.2020
Provisions for other employee benefits	248	-	-	248
Provisions for compensation dependent on financial result	22 297	(3 772)	-	18 525
Negative exchange rate differences	391	10 802	-	11 193
Difference between balance sheet value and tax value of expenditures on development projects	6 958	276	-	7 234
Compensation and social security payable in future reporting periods	42	(25)	-	17
Other provisions	2 528	(2 401)	-	127
R&D tax relief	9 963	-	-	9 963
Advance payments recognized as taxable income	11 107	6 463	-	17 570
Total negative temporary differences	53 534	11 343	-	64 877
subject to 5% tax rate	37 561	3 409	-	40 970
subject to 19% tax rate	15 973	7 934	-	23 907
Deferred tax assets	4 913	1 677	-	6 590

Positive temporary differences requiring creation of deferred tax provisions

	31.12.2019*	Differences affecting deferred tax aggregated with financial result	Differences affecting deferred tax aggregated with other comprehensive income	30.06.2020
Difference between net balance sheet value and net tax value of PP&E and intangibles	12 762	527	-	13 289
Revenues obtained in the current period but invoiced in future periods	86 042	(47 298)	-	38 744
Positive exchange rate differences	174	8 841	-	9 015
Estimation of bonds	-	(2)	113	111
Estimation of forward contract	-	5 248	-	5 248
Difference between balance sheet value and tax value of expenditures on development projects	7 721	(2 978)	-	4 743
Other sources	145	205	-	350
Total positive temporary differences	106 844	(35 457)	113	71 500
subject to 5% tax rate	75 122	(42 448)	-	32 674
subject to 19% tax rate	31 722	6 991	113	38 826
Deferred tax provisions	9 783	(794)	21	9 010

* adjusted data

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

Net balance of deferred tax assets/provisions

	30.06.2020	31.12.2019
Deferred tax assets	6 590	4 913
Deferred tax provisions	9 010	9 783
Net deferred tax – assets/(provisions)	(2 420)	(4 870)

Income tax reported in profit and loss account

	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
Current income tax	15 107	12 890
Change in deferred income tax	(2 471)	(591)
Income tax reported in profit and loss account	12 636	12 299

B. Goodwill

No changes in goodwill occurred between 1 January and 30 June 2020.

C. Business combinations

The Company did not merge with any other entity between 1 January and 30 June 2020.

D. Dividends paid out (or declared) and collected

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

E. Trade and other receivables

Changes in receivables

	30.06.2020	31.12.2019*
Gross trade and other receivables	126 571	192 866
Impairment allowances	836	761
Trade and other receivables	125 735	192 105
from affiliates	13 442	13 662
from external entities	112 293	178 443

* adjusted data

Changes in impairment allowances on receivables

	Trade receivables	Other receivables
OTHER ENTITIES		
Impairment allowances as of 01.01.2020	29	732
Increases, including:	81	-
creation of allowances on past-due and contested receivables	81	-
Reductions, including:	6	-
dissolution of impairment allowances due to collection of receivables	2	-
dissolution of impairment allowances for other reasons	4	-
Impairment allowances as of 30.06.2020	104	732

Current and overdue trade receivables as of 30.06.2020

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
AFFILIATES							
gross receivables	3 994	3 299	490	-	205	-	-
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	3 994	3 299	490	-	205	-	-



	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	63 375	47 564	15 662	10	2	23	114
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	104	-	-	-	-	-	104
total expected credit loss	104	-	-	-	-	-	104
Net receivables	63 271	47 564	15 662	10	2	23	10
Total							
gross receivables	67 369	50 863	16 152	10	207	23	114
impairment allowances	104	-	-	-	-	-	104
Net receivables	67 265	50 863	16 152	10	207	23	10

Other receivables

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

* adjusted data



F. Disclosure of financial instruments

Fair value of financial instruments per class

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

	30.06.2020	31.12.2019
LEVEL 1		
Assets estimated at fair value		
Financial assets estimated at fair value through other comprehensive income	108 422	-
foreign government bonds – CHF	41 458	-
foreign government bonds – EUR	20 157	-
foreign government bonds – USD	46 807	-
LEVEL 2		
Assets estimated at fair value through financial result		
Derivative instruments:	5 243	-
forward currency contract – CHF	1 980	-
forward currency contract – EUR	478	-
forward currency contract – USD	2 785	-

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

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

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

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

Financial assets – classification and appraisal

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

* adjusted data

Financial liabilities – classification and appraisal

	30.06.2020	31.12.2019
Financial liabilities held at amortized cost	37 271	42 414
Trade liabilities	20 214	25 067
Other financial liabilities	17 057	17 347

G. Transactions with affiliates

	Sales to affiliates		Purchases from affiliates		Receivables from affiliates		Liabilities due to affiliates	
	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
SUBSIDIARIES								
GOG sp. z o.o.	5 696	4 779	175	40	6 389	6 970	17 171	12 917
CD PROJEKT Inc.	287	-	3 291	2 109	8 608	8 471	352	594
CD PROJEKT Co., Ltd.	-	-	1 828	1 634	-	-	409	246
Spokko sp. z o.o.	131	145	-	-	2 045	48	-	-
CD PROJEKT RED STORE sp. z o.o.	656	258	43	-	1 624	1 858	51	21
MANAGEMENT BOARD MEMBERS								
Marcin Iwiński	3	10	-	-	-	-	-	3
Adam Kiciński	2	5	-	-	-	1	-	1
Piotr Nielubowicz	3	2	-	-	-	-	-	-
Michał Nowakowski	6	5	-	-	-	1	-	-
Adam Badowski	3	2	-	-	-	-	-	-

Statement of the Management Board of the parent entity

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

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

This condensed interim consolidated financial statement conforms to International Financial Reporting Standards (IFRS) approved by the European Union and in force as of 1 January 2020. Where the above mentioned standards are not applicable the statement conforms to the Accounting Act of 29 September 1994 (Journal of Laws of the Republic of Poland, 2019, item no. 351 as amended) and to any secondary legislation based on said Act, as well as to the directive of the Finance Minister of 29 March 2018 regarding the publication of periodic and current reports by issuers of securities and the conditions for regarding as equivalent the information required under the laws of a non-member state (Journal of Laws of the Republic of Poland, 2018, item no. 757).

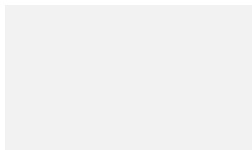
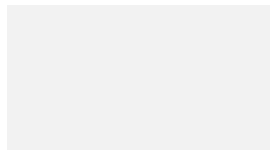
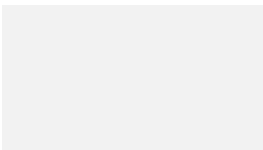
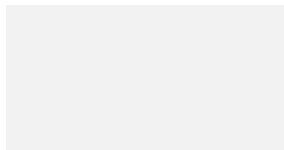
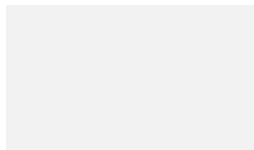
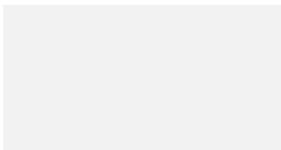
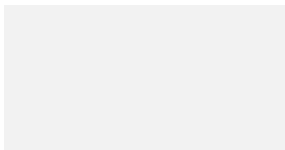
With regard to the entity contracted to review the condensed interim consolidated financial statement

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

Approval of financial statement

This semiannual statement was signed and approved for publication by the Management Board of CD PROJEKT S.A. on 3 September 2020.

Warsaw, 3 September 2020

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

