CD PROJEKT®

Condensed interim consolidated financial statement of the CD PROJEKT Capital Group for the period between 1 January and 31 March 2019

Disclaimer

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

CD PROJEKT Capital Group – Selected financial highlights (converted into EUR)

	PLN		EUR	
	01.01.2019 - 31.03.2019	**01.01.2018 - 31.03.2018***	**01.01.2019 - 31.03.2019**	**01.01.2018 - 31.03.2018***
Revenues from sales of products, services, goods and materials	80 905	75 435	18 825	18 054
Cost of products, goods and materials sold	28 713	16 133	6 681	3 861
Operating profit (loss)	20 560	27 899	4 784	6 677
Profit (loss) before tax	22 736	29 157	5 290	6 978
Net profit (loss) attributable to equity holders of parent entity	17 797	22 892	4 141	5 479
Net cash flows from operating activities	(1 962)	36 068	(457)	8 632
Net cash flows from investment activities	54 868	(18 829)	12 767	(4 506)
Net cash flows from financial activities	(1 665)	(104)	(387)	(25)
Total net cash flows	51 241	17 135	11 923	4 101
Stock volume (thousands)	96 120	96 120	96 120	96 120
Net earnings per ordinary share (PLN/EUR)	0.19	0.24	0.04	0.06
Diluted net earnings per ordinary share (PLN/EUR)	0.18	0.23	0,04	0.05
Book value per share (PLN/EUR)	10.65	9.45	2.48	2.25
Diluted book value per share (PLN/EUR)	10.16	9.07	2.36	2.16
Declared or paid out dividend per share (PLN/EUR)	1.05	-	0.24	-

** adjusted data*

	PLN		EUR	
	31.03.2019	**31.12.2018**	**31.03.2019**	**31.12.2018**
Total assets	1 145 558	1 126 838	266 328	262 055
Liabilities and provisions for liabilities (less accrued charges)	110 561	114 067	25 704	26 527
Long-term liabilities	14 524	6 691	3 377	1 556
Short-term liabilities	107 406	117 283	24 971	27 275
Equity	1 023 628	1 002 864	237 981	233 224
Share capital	96 120	96 120	22 347	22 353

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

- Elements of the consolidated profit and loss account and consolidated statement of cash flows were converted into EUR by applying the arithmetic average of exchange rates for the final day of each month belonging to the reporting period, as published by NBP. The corresponding exchange rates were: 4.2978 PLN/EUR for the period between 1 January and 31 March 2019, and 4.1784 PLN/EUR for the period between 1 January and 31 March 2018 respectively.
- Assets and liabilities listed in the consolidated statement of financial positions were converted into EUR by applying the exchange rate for the final day of the reporting period, as published by the National Bank of Poland. These exchange rates were: 4.3013 PLN/EUR on 31 March 2019 and 4.3000 PLN/EUR on 31 December 2018 respectively.

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CD PROJEKT

Primary Financial Data of the CD PROJEKT Capital Group

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Condensed interim consolidated profit and loss account

	Note	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018
Sales revenues		**80 905**	**75 435**
Revenues from sales of products	16	50 870	52 217
Revenues from sales of services	16	75	5
Revenues from sales of goods and materials	16	29 960	23 213
Cost of products, goods and materials sold		**28 713**	**16 133**
Cost of products and services sold	17	7 005	28
Value of goods and materials sold	17	21 708	16 105
Gross profit (loss) from sales		**52 192**	**59 302**
Selling costs	17	22 197	22 775
General and administrative costs	17	9 642	8 804
Other operating revenues	18	510	319
Other operating expenses	18	304	324
(Impairment losses)/reversal of impairment losses of financial instruments		1	181
Operating profit (loss)		**20 560**	**27 899**
Financial revenues	19	2 547	1 636
Financial expenses	19	371	378
Profit (loss) before tax		**22 736**	**29 157**
Income tax	11	4 939	6 265
Net profit (loss)		**17 797**	**22 892**
Net profit (loss) attributable to equity holders of parent entity		17 797	22 892
Net earnings per share (in PLN)			
Basic for the reporting period		0.19	0.24
Diluted for the reporting period		0.18	0.23

In the first quarter of 2019 the largest contribution to the CD PROJEKT Capital Group's consolidated revenues was **Revenues from sales of products**, which included:

a) licensing royalties associated with continuing strong sales of The Witcher 3: Wild Hunt together with its expansion packs – Hearts of Stone and Blood and Wine,
b) licensing royalties associated with digital sales of Thronebreaker: The Witcher Tales and sales generated in the framework of GWENT: The Witcher Card Game.

The Group's **Revenues from sales of goods and materials** mostly corresponded to sales of videogames licensed from external suppliers directly to end users on the GOG.com platform.

In the first quarter, the **Cost of products and services sold** consisted mainly of depreciation of past R&D expenditures related to GWENT: The Witcher Card Game and Thronebreaker, which had been capitalized prior to the games' official release in October 2018.

The **Value of goods and materials sold** mostly represents the cost of facilitating sales of products licensed from external suppliers on GOG.com.

With regard to current-period costs, the largest contribution was from **Selling costs**, including expenses related to advertising and promotional activities carried out in each activity segment of the Capital Group. The bulk of this figure corresponds to CD PROJEKT RED marketing activities, particularly as concerns GWENT: The Witcher Card Game and Cyberpunk 2077. In the GOG.com segment selling costs were incurred mainly through participation in GWENT promotional expenses as regulated by the consortium agreement, marketing activities related to the GOG.com platform itself, as well as transaction costs related to processing sales on the digital distribution platform.

Another important contribution to Q1 selling costs involved GWENT maintenance expenses (including development of the game's mobile edition), which were split between both consortium partners, i.e. CD PROJEKT RED and GOG.com.

(all figures quoted in PLN thousands unless indicated otherwise)

The aforementioned category also comprises certain expenses related to employee compensation (including provisions for compensation contingent upon the Group's financial result) along with procurement of bought-in sales support services.

The main contribution to **General and administrative expenses** in the CD PROJEKT Group was from employee compensation and provisions for compensation contingent upon the Group's financial result (including all expenses related to evaluation of the incentive program recognized in the period), along with the costs of bought-in services which meet the criteria of general and administrative expenses. The reported increase in this figure compared to the reference period in 2018 was mostly due to the expansion of the Group's activities and recruitment of additional staff over the past 12-month period.

The Group's consolidated **Net profit** for the first quarter of 2019 was 17 797 thousand PLN. This is less than the corresponding reference figure, mostly due to the surplus of GWENT-related expenses (those incurred during Q1 2019 in association with the game's maintenance, upkeep, promotion, refinement and creation of further add-ons and of its mobile edition, as well as the amortized development costs incurred in previous reporting period in conjunction with the game's development) over the corresponding revenues obtained in the first quarter of the year.

The Group's net profitability (the ratio between the net profit and sales revenues) for the reporting period was 22%.

Condensed interim consolidated statement of comprehensive income

	01.01.2019 – 31.03.2019	01.03.2018 – 31.03.2018
Net profit (loss)	**17 797**	**22 892**
Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria	**15**	**(13)**
Exchange rate differences on valuation of foreign entities	15	(13)
Other comprehensive income which will not be entered as profit (loss)	**-**	**-**
Total comprehensive income	**17 812**	**22 879**
Minority interest equity	-	-
Total comprehensive income attributable to equity holders of CD PROJEKT S.A.	**17 812**	**22 879**

(all figures quoted in PLN thousands unless indicated otherwise)

Condensed interim consolidated statement of financial position

	Note	31.03.2019	31.12.2018	31.03.2018*
FIXED ASSETS		**427 104**	**388 309**	**279 405**
Tangible assets	2	33 122	19 241	18 869
Intangibles	4	49 876	50 210	45 887
Expenditures on development projects	4	264 351	242 816	165 775
Investment properties	6	9 555	9 553	-
Perpetual usufruct of land	7	3 478	3 478	-
Goodwill	4,5	56 438	56 438	46 417
Shares in subsidiaries excluded from consolidation	15	4 881	3 683	452
Deferred income tax assets	11	4 833	2 320	1 504
Other long-term receivables	15	570	570	501
WORKING ASSETS		**718 454**	**738 529**	**720 587**
Inventories	8	245	258	272
Fixed assets held for sale	3	49	49	-
Trade receivables	9,15	29 867	37 008	21 453
Current income tax receivables		515	1 611	1 437
Other receivables	9	41 944	19 231	17 518
Prepaid expenses	10	23 932	21 502	17 868
Cash and cash equivalents	15	155 119	103 878	84 122
Bank deposits (maturity beyond 3 months)	15	466 783	554 992	577 917
TOTAL ASSETS		**1 145 558**	**1 126 838**	**999 992**

** adjusted data*

In the first quarter of 2019 the value of the Group's **Fixed assets** increased mostly due to expenditures on development projects which concern the Group's future releases, including Cyberpunk 2077. Moreover, due to implementation of IFRS 16, the Group recognized as part of its **Fixed assets** the value in use of leased office space (along with the corresponding liabilities arising under office space lease agreements, aggregated with Other financial liabilities).

The reduction in the Group's **Trade receivables** compared to the end of 2018 was mostly due to collection of receivables reported at the close of the previous year. The latter value was particularly high due to strong sales carried out during that period.

The reported reduction in **Other receivables** over the first three months of 2019 was mainly due to an increase in advance payments remitted to the Company's suppliers, as well as in the value of withholding tax deducted at source by foreign purchasers of CD PROJEKT S.A. licenses and reportable by the Company in its annual financial statement.

The value and reported increase in **Prepaid expenses** were primarily effected by minimum guarantees, i.e. advance payments remitted by GOG sp. z o.o. to its suppliers and recognized against future licensing royalties associated with distribution of videogames on GOG.com.

The aggregate value of **Cash and cash equivalents** and **Bank deposits (maturity beyond 3 months)** was 621 902 thousand PLN, which represents a decrease by 6% compared to the end of 2018.

(all figures quoted in PLN thousands unless indicated otherwise)

	Note	31.03.2019	31.12.2018	31.03.2018
EQUITY		**1 023 628**	**1 002 864**	**908 628**
Equity attributable to equity holders of parent entity		**1 023 628**	**1 002 864**	**908 628**
Share capital	21	96 120	96 120	96 120
Supplementary capital		739 724	739 724	551 776
Other reserve capital		29 097	26 145	18 166
Exchange rate differences		1 027	1 012	105
Retained earnings		139 863	30 529	219 569
Net profit (loss) for the reporting period		17 797	109 334	22 892
Minority interest equity		-	-	-
LONG-TERM LIABILITIES		**14 524**	**6 691**	**2 892**
Other financial liabilities	15	7 218	163	-
Deferred revenues		7 116	6 338	2 811
Provisions for employee benefits and similar liabilities	12	190	190	81
SHORT-TERM LIABILITIES		**107 406**	**117 283**	**88 472**
Other financial liabilities	15	6 208	246	233
Trade liabilities	15	40 945	49 914	31 460
Current income tax liabilities		22	-	388
Other liabilities	14	30 908	40 388	4 493
Deferred revenues		4 253	3 569	3 791
Provisions for employee benefits and similar liabilities	12	2	2	1
Other provisions	13	25 068	23 164	48 106
TOTAL EQUITY AND LIABILITIES		**1 145 558**	**1 126 838**	**999 992**

The Group's **Equity** reached 1 023 628 thousand PLN at the end of reporting period, having increased by 17 797 thousand PLN since 31 December 2018. This increase was due to profit obtained in the first quarter.

The increase in the value of **Other financial liabilities**, both with regard to long- and short-term liabilities, compared to 31 December 2018, was mainly due to introduction of IFRS 16 which mandates recognition of liabilities arising under office space lease agreements, as well as assets related to the right to use said office space, reported in the Fixed assets category.

The Group's **Trade liabilities** comprise mainly GOG.com liabilities to suppliers of products and services, as well as – to a lesser degree – trade liabilities incurred in the CD PROJEKT RED segment. The spike in trade liabilities at the end of the previous year is due to strong sales which typically occur during the holiday season and translate into an increase in liabilities due to product suppliers.

The bulk of the Group's **Other liabilities** at the end of March 2019 was comprised by advance payments collected from foreign clients in anticipation of future licensing royalties due to distribution of CD PROJEKT RED products. The decrease in the aggregate balance of Other liabilities over the reporting period was due to full discharge of liabilities related to the purchase of immovable property at Jagiellońska 76 in Warsaw, previously reported at the end of 2018 and settled during the present reporting period.

Other provisions are mostly related to future liabilities, including compensation contingent upon the Group's financial result.

(all figures quoted in PLN thousands unless indicated otherwise)

Condensed interim statement of changes in consolidated equity

	Share capital	Supplementary capital	Own shares	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Parent entity shareholders' equity	Total equity
01.01.2019 – 31.03.2019									
Equity as of 01.01.2019	**96 120**	**739 724**	**-**	**26 145**	**1 012**	**139 863**	**-**	**1 002 864**	**1 002 864**
Cost of incentive program	-	-	-	2 952	-	-	-	2 952	2 952
Total comprehensive income	-	-	-	-	15	-	17 797	17 812	17 812
Equity as of 31.03.2019	**96 120**	**739 724**	**-**	**29 097**	**1 027**	**139 863**	**17 797**	**1 023 628**	**1 023 628**

(all figures quoted in PLN thousands unless indicated otherwise)

	Share capital	Supplementary capital	Own shares	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Parent entity shareholders' equity	Total equity
01.01.2018 – 31.12.2018									
Equity as of 01.01.2018	**96 120**	**549 335**	**-**	**15 212**	**118**	**222 114**	**-**	**882 899**	**882 899**
Rectification of fundamental errors	-	(6 729)	-	-	794	6 082	-	147	147
Equity after adjustments	**96 120**	**542 606**	**-**	**15 212**	**912**	**228 196**	**-**	**883 046**	**883 046**
Cost of incentive program	-	-	-	10 384	-	-	-	10 384	10 384
Creation of reserve capital to finance purchase of own shares	-	(3 600)	-	3 600	-	-	-	-	-
Purchase of own shares	-	-	3 051	(3 051)	-	-	-	-	-
Transfer of own shares as partial payment for the purchase of an enterprise	-	3 051	(3 051)	-	-	-	-	-	-
Allocation of net profit/coverage of losses	-	197 667	-	-	-	(197 667)	-	-	-
Total comprehensive income	-	-	-	-	100	-	109 334	109 434	109 434
Equity as of 31.12.2018	**96 120**	**739 724**	**-**	**26 145**	**1 012**	**30 529**	**109 334**	**1 002 864**	**1 002 864**

The Group rectified the settlement of the merger between companies belonging to the GOG.com segment and the erroneous recognition of income tax, as well as the coverage of losses sustained in 2016 as reported in the financial statement of GOG sp. z o.o. for 31 December 2017. These adjustments resulted in an increase in equity by 147 thousand PLN. Furthermore, the Group rectified the settlement of past transactions altering the composition of the Group as well as dividends paid out by Group member companies to the parent Company. These changes had no effect upon equity.

(all figures quoted in PLN thousands unless indicated otherwise)

	Share capital	Supplementary capital	Own shares	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Parent entity shareholders' equity	Total equity
01.01.2018 – 31.03.2018									
Equity as of 01.01.2018	**96 120**	**549 335**	**-**	**15 212**	**118**	**222 114**	**-**	**882 899**	**882 899**
Rectification of fundamental errors	-	2 441	-	-	-	(2 545)	-	(104)	(104)
Equity after adjustments	**96 120**	**551 776**	**-**	**15 212**	**118**	**219 569**	**-**	**882 795**	**882 795**
Cost of incentive program	-	-	-	2 954	-	-	-	2 954	2 954
Total comprehensive income	-	-	-	-	(13)	-	22 892	22 879	22 879
Equity as of 31.03.2018	**96 120**	**551 776**	**-**	**18 166**	**105**	**219 569**	**22 892**	**908 628**	**908 628**

(all figures quoted in PLN thousands unless indicated otherwise)

Condensed interim consolidated statement of cash flows

	Note	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018*
OPERATING ACTIVITIES			
Net profit (loss)		**17 797**	**22 892**
Total adjustments:	29	**(18 351)**	**21 168**
Depreciation of fixed assets, intangibles and expenditures on development projects		1 980	1 186
Depreciation of expenditures on development projects recognized as cost of products and services sold		6 947	-
Interest and profit sharing (dividends)		(2 372)	(1 636)
Profit (loss) from investment activities		(139)	(29)
Change in provisions		668	2 799
Change in inventories		13	51
Change in receivables		(17 225)	25 593
Change in liabilities excluding credits and loans		(10 173)	(7 706)
Change in other assets and liabilities		(968)	(2 045)
Other adjustments		2 918	2 955
Cash flows from operating activities		**(554)**	**44 060**
Income tax on pre-tax profit (loss)		4 939	6 265
Income tax (paid)/collected		(6 347)	(14 257)
Net cash flows from operating activities		**(1 962)**	**36 068**
INVESTMENT ACTIVITIES			
Inflows		**260 445**	**183 507**
Reimbursement of advance payment for investment properties and perpetual usufruct of land		1 667	-
Closing bank deposits (maturity beyond 3 months)		256 231	181 871
Other inflows from investment activities		2 547	1 636
Outflows		**205 577**	**202 336**
Purchases of intangibles and fixed assets		2 255	2 768
Expenditures on development projects		25 183	19 582
Purchase of investment properties and perpetual usufruct of land		9 017	-
Capital contributions to subsidiary		1 100	-
Advance payment for investment properties and perpetual usufruct of land		-	727
Opening bank deposits (maturity beyond 3 months)		168 022	179 259
Net cash flows from investment activities		**54 868**	**(18 829)**

(all figures quoted in PLN thousands unless indicated otherwise)

FINANCIAL ACTIVITIES			
Inflows		**8**	**-**
Collection of receivables arising from financial lease agreements		7	-
Interest payments		1	-
Outflows		**1 673**	**104**
Payment of liabilities arising from lease agreements		1 498	104
Interest payments		175	-
Net cash flows from financial activities		**(1 665)**	**(104)**
Total net cash flows		**51 241**	**17 135**
Change in cash and cash equivalents on balance sheet		**51 241**	**17 135**
Cash and cash equivalents at beginning of period		**103 878**	**66 987**
Cash and cash equivalents at end of period		**155 119**	**84 122**

** adjusted data*

The Group's net Q1 earnings of 17 797 thousand PLN were accompanied by a negative value of **Cash flows from operating activities** at 1 962 thousand PLN. The largest contribution to the difference between both figures (i.e. the influence upon adjustments applied when calculating cash flows) was from the reported change in receivables, primarily as a result of advance payments remitted to CD PROJEKT RED suppliers (increase in CD PROJEKT S.A. advance payments by 21 151 thousand PLN), as well as from the change in liabilities excluding credits and loans which primarily resulted from discharge of GOG.com trade liabilities previously disclosed at the end of 2018 (decrease in GOG trade liabilities by 10 684 thousand PLN).

Regarding the balance of **Net cash flows from investment activities**, in the first quarter of 2019 these were primarily affected by the Company's policy of actively allocating surplus operating cash to bank deposits. The value of bank deposits with maturity periods exceeding 3 months created during Q1 2019 and presented as "outflows" was 168 022 thousand PLN while the value of bank deposits maturing during the reporting period, presented as "inflows" was 256 231 thousand PLN. Thus, the balance of bank deposits with maturity periods beyond 3 months decreased by 88 209 thousand PLN, which accounts for the bulk of inflows from investment activities. Additionally, as part of its investment activities in the first quarter of 2019 the Group (including both CD PROJEKT S.A. and GOG sp. z o.o.) incurred development expenditures in the amount of 25 183 thousand PLN (chiefly related to development of Cyberpunk 2077 and other CD PROJEKT RED products as well as further refinement of technologies used in the GOG.com segment). The Group also remitted the outstanding payment for the immovable property which it had purchased, valued at 9 017 thousand PLN.

During the reporting period the CD PROJEKT Group did not obtain appreciable **Net cash flows from financial activities**. The reported increase in the value of **Payment of liabilities arising from lease agreements** was mostly due to introduction of IFRS 16 insofar as it concerns office space lease payments.

In the first quarter of 2019 the Group's balance of cash assets (excluding bank deposits with maturity periods beyond 3 months) increased by 51 241 thousand PLN while the corresponding balance of bank deposits with maturity periods beyond 3 months decreased by 88 209 thousand PLN. Consequently, the Group's aggregate balance of cash assets and bank deposits decreased by 36 968 thousand PLN (i.e. by 6%). Notably, during the same period the Group incurred 25 183 thousand PLN in videogame and technology development expenses, remitted advance payments for supplies (balance of advance payments increased by 22 980 thousand PLN) and remitted the outstanding payment for the immovable property purchased by the Group (total of 9 017 thousand PLN).

(all figures quoted in PLN thousands unless indicated otherwise)

Clarifications regarding the consolidated financial statement

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General information

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

The Group is established for an indefinite duration.

Structure of the Capital Group

Affiliates

CD PROJEKT S.A.

- GOG sp. z o.o.
- CD PROJEKT Inc.
- CD PROJEKT Co., Ltd
- Spokko sp. z o.o.
- CD PROJEKT RED STORE sp. z o.o.

On 14 January 2019 a new company was established in the framework of the CD PROJEKT Capital Group under the name CD PROJEKT RED STORE sp. z o.o. The new company will be responsible for online marketing of tie-in products associated with CD PROJEKT RED games.

Consolidation principles

Entities subject to consolidation

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

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

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

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

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

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

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

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

Subsidiaries

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

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

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

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

(all figures quoted in PLN thousands unless indicated otherwise)

Basis for the preparation of the condensed interim consolidated financial statement

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

The condensed interim consolidated financial statement does not contain all the information and disclosures which would otherwise be required in an annual financial statement. Accordingly, this statement should be read in conjunction with the Consolidated Financial Statement of the CD PROJEKT Capital Group for the year ending 31 December 2018, approved for publication on 27 March 2019.

Assumption of going concern

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

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

As of the day of preparation of this consolidated financial statement covering the period between 1 January and 31 December 2018 the Management Board is not aware of any events which should have been reflected in the accounts for that period but have not been reflected therein. Additionally, no important events have occurred in relation to the preceding years.

Compliance with International Financial Reporting Standards

This condensed interim consolidated financial statement conforms to International Accounting Standard (IAS) 34, *Interim Financial Reporting*, as well as to International Financial Reporting Standards (IFRS) applicable to interim financial reporting, endorsed by the International Accounting Standard Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and approved by the EU under the relevant Regulation on the Application of International Accounting Standards (European Council 1606/2002), hereinafter referred to as UE IFRS, valid for 31 March 2019.

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

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

The Group intends to apply amendments to IFRS which have been published but have not yet entered into force on the publication date of this condensed interim consolidated financial statement, depending on their date of entry into force. Information regarding standards and interpretations applied for the first time, early application of new standards, standards which have entered into force on or after 1 January 2019 and the effect of changes in IFRS upon the Group's future financial statements is provided in Section 2 of the Group's Consolidated Financial Statement for 2018.

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

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

- Amendments to **IAS 1** and **IAS 8** *Definition of 'material'* – applicable to reporting periods beginning on or after 1 January 2020,
- Amendments to **IFRS 3** *Business combinations* – applicable to reporting periods beginning on or after 1 January 2020,
- Amendments to references to the **Conceptual Framework in IFRS Standards** – applicable to reporting periods beginning on or after 1 January 2020,
- **IFRS 14** *Regulatory deferral accounts* – applicable to annual reporting periods beginning on or after 1 January 2016. The European Commission has decided to withhold approval of this temporary standard for use in the UE until the final version of the standard is published,
- **IFRS 17** *Insurance Contracts* - applicable to reporting periods beginning on or after 1 January 2021.

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

Functional currency and presentation currency

Functional currency and presentation currency

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

Transactions and balances

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

Assumption of comparability of financial statements and changes in accounting policies

The accounting practices applied in preparing this condensed interim consolidated financial statement, the Management Board's professional judgment concerning the Group's accounting practices as well as the main sources of uncertainty in estimations are in all material aspects consistent with the practices applied in preparing the Consolidated Financial Statement of the CD PROJEKT Capital Group for 2018, except for changes in accounting policies 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 2018.

Changes in accounting policies

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

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

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

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

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

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

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

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

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

The application of IFRS 16 affects the following line items in the financial statement for the period between 1 January and 31 March 2019:

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

With regard to space lease agreements scheduled to end earlier than 12 months following the initial application date of IFRS 16, the Group has applied the practical expedient foreseen in section C10 item c) of the standard. According to this regulation, a lessee may elect not to apply the previously specified requirements to leases for which the lease term ends within 12 months of the date of initial application. Consequently, the Group accounts for those leases in the same way as short-term leases, recognizing the cost associated with those leases throughout the duration of the lease agreement. The costs associated with these agreements are presented in Note 17.

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

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

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

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

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

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

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

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

(all figures quoted in PLN thousands unless indicated otherwise)

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

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

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

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

Presentation changes

This condensed interim consolidated financial statement for the period between 1 January and 31 March 2019 includes certain adjustments in the presentation of financial data, introduced in order to maintain comparability of financial statements. The following presentation changes have been introduced with regard to financial data for the reference period between 1 January and 31 March 2018 as well as for 31 March 2018:

- In the statement of cash flows for the period between 1 January and 31 March 2018 the presentation of interest on bank deposits was adjusted as follows:
  - Other inflows from investment activities – adjusted by 93 thousand PLN
  - Other inflows from financial activities – adjusted by (93) thousand PLN.
- In the statement of financial position for 31 March 2018 the presentation of development expenses was adjusted as follows:
  - Intangibles – adjusted by (611) thousand PLN
  - Expenditures on development projects – adjusted by 611 thousand PLN.

  This change has no effect on the Group's financial result or equity.
- In the statement of cash flows for the period between 1 January and 31 March 2018 the presentation of advance payments for investment properties was adjusted as follows:
  - Advance payment for investment properties and perpetual usufruct of land – adjusted by 727 thousand PLN
  - Changes in receivables – adjusted by 727 thousand PLN.
- In the statement of cash flows for the period between 1 January and 31 March 2018 the presentation of provisions for compensations capitalized upon expenditures on development projects was adjusted as follows:
  - Change in provisions – adjusted by (1 667) thousand PLN
  - Expenditures on development projects – adjusted by (1 667) thousand PLN.

Financial audit

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

Supplementary information – CD PROJEKT Capital Group activity segments

3

Activity segments

Presentation of results by activity segment

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

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

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

Disclosure of activity segments

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.com		
01.01.2019 – 31.03.2019				
Sales revenues	**49 688**	**33 767**	**(2 550)**	**80 905**
sales to external clients	47 138	33 767	-	80 905
sales between segments	2 550	-	(2 550)	-
Segment net profit (loss)	**19 317**	**(1 520)**	**-**	**17 797**

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.com		
01.01.2018 – 31.03.2018				
Sales revenues	**51 917**	**25 780**	**(2 262)**	**75 435**
sales to external clients	49 655	25 780	-	75 435
sales between segments	2 262	-	(2 262)	-
Segment net profit (loss)	**23 751**	**(859)**	**-**	**22 892**

(all figures quoted in PLN thousands unless indicated otherwise)

CD PROJEKT

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

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
Sales revenues	**49 688**	**33 767**	**(2 550)**	**80 905**
Revenues from sales of products	48 126	1 874	870	50 870
Revenues from sales of services	998	-	(923)	75
Revenues from sales of goods and materials	564	31 893	(2 497)	29 960
Cost of products, goods and materials sold	**6 162**	**24 488**	**(1 937)**	**28 713**
Cost of products and services sold	5 612	1 703	(310)	7 005
Value of goods and materials sold	550	22 785	(1 627)	21 708
Gross profit (loss) from sales	**43 526**	**9 279**	**(613)**	**52 192**
Selling costs	13 270	9 498	(571)	22 197
General and administrative costs	8 123	1 561	(42)	9 642
Other operating revenues	710	53	(253)	510
Other operating expenses	515	42	(253)	304
(Impairment)/reversal of impairment of financial instruments	1	-	-	1
Operating profit (loss)	**22 329**	**(1 769)**	**-**	**20 560**
Financial revenues	2 345	202	-	2 547
Financial expenses	266	105	-	371
Profit (loss) before taxation	**24 408**	**(1 672)**	**-**	**22 736**
Income tax	5 091	(152)	-	4 939
Net profit (loss)	**19 317**	**(1 520)**	**-**	**17 797**
Net profit (loss) attributable to equity holders of the parent entity	**19 317**	**(1 520)**	**-**	**17 797**

(all figures quoted in PLN thousands unless indicated otherwise)

Segmented consolidated profit and loss account for the period between 01.01.2018 and 31.03.2018

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
Sales revenues	**51 917**	**25 780**	**(2 262)**	**75 435**
Revenues from sales of products	49 755	2 045	417	52 217
Revenues from sales of services	1 108	-	(1 103)	5
Revenues from sales of goods and materials	1 054	23 735	(1 576)	23 213
Cost of products, goods and materials sold	**1 292**	**16 365**	**(1 524)**	**16 133**
Cost of products and services sold	392	-	(364)	28
Value of goods and materials sold	900	16 365	(1 160)	16 105
Gross profit (loss) from sales	**50 625**	**9 415**	**(738)**	**59 302**
Selling costs	14 928	8 507	(660)	22 775
General and administrative costs	7 482	1 400	(78)	8 804
Other operating revenues	540	90	(311)	319
Other operating expenses	509	126	(311)	324
(Impairment)/reversal of impairment of financial instruments	168	13	-	181
Operating profit (loss)	**28 414**	**(515)**	**-**	**27 899**
Financial revenues	1 632	93	(89)	1 636
Financial expenses	11	456	(89)	378
Profit (loss) before taxation	**30 035**	**(878)**	**-**	**29 157**
Income tax	6 284	(19)	-	6 265
Net profit (loss)	**23 751**	**(859)**	**-**	**22 892**
Net profit (loss) attributable to equity holders of the parent entity	**23 751**	**(859)**	**-**	**22 892**

(all figures quoted in PLN thousands unless indicated otherwise)

Commentary regarding the results of GOG.com

The value of **Revenues from sales of goods and materials** in the GOG.com segment during the first quarter of 2019 increased from 23 735 thousand PLN to 31 893 thousand PLN compared to the reference period (34% increase), which also drove up the corresponding profit margin to 9 108 thousand PLN. This figure comprises mostly sales of goods and materials procured from external suppliers. From the point of view of earnings this marks the best Q1 period in the segment's to-date history.

The **Cost of products and services sold** which was not subject to disaggregation for the GOG.com segment in the Q1 2018 financial statement mostly concerns depreciation of past development expenditures associated with GWENT and Thronebreaker.

Selling costs increased by 991 thousand PLN compared to the reference period primarily due to costs related to GWENT, including its upkeep, further development and promotional activities. Since the full official release of GWENT which took place in October 2018 the Group no longer capitalizes its development expenditures while further costs incurred by its development team are now aggregated with **Selling costs** as the costs of upkeep and development (this includes expenses related to preparing a mobile edition of GWENT).

The surplus of GWENT costs which are attributable to GOG.com in line with the consortium agreement (both concerning current-period expenses and depreciation of past development expenses) over the corresponding revenues related to this project had a negative impact upon the segment's earnings. Moreover, throughout Q1 2019 GOG carried out intensive development work on GOG Galaxy 2.0, an important project whose initial public beta release and subscriptions launch occurred on 22 May 2019. With regard to activities directly related to digital distribution of videogames via the GOG.com platform and the GOG Galaxy application, steady growth continued to be observed throughout the first quarter of 2019.

Segmented consolidated statement of financial position as of 31.03.2019

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
FIXED ASSETS	**413 201**	**30 377**	**(16 474)**	**427 104**
Tangible assets	30 331	2 791	-	33 122
Intangibles	49 172	704	-	49 876
Expenditures on development projects	239 907	24 447	(3)	264 351
Investment properties	9 555	-	-	9 555
Perpetual usufruct of land	3 478	-	-	3 478
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	16 471	-	(16 471)	-
Shares in subsidiaries not subject to consolidation	4 881	-	-	4 881
Deferred income tax assets	2 398	2 435	-	4 833
Other long-term receivables	570	-	-	570
WORKING ASSETS	**670 086**	**60 723**	**(12 355)**	**718 454**
Inventories	245	-	-	245
Fixed assets held for sale	49	-	-	49
Trade receivables	21 684	9 205	(1 022)	29 867
Current income tax receivables	218	297	-	515
Other receivables	48 875	4 402	(11 333)	41 944
Prepaid expenses	1 798	22 134	-	23 932
Cash and cash equivalents	130 434	24 685	-	155 119
Bank deposits (maturity beyond 3 months)	466 783	-	-	466 783
TOTAL ASSETS	**1 083 287**	**91 100**	**(28 829)**	**1 145 558**

(all figures quoted in PLN thousands unless indicated otherwise)

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
EQUITY	**1 000 624**	**39 478**	**(16 474)**	**1 023 628**
Equity attributable to equity holders of parent entity	**1 000 624**	**39 478**	**(16 474)**	**1 023 628**
Share capital	96 120	136	(136)	96 120
Supplementary capital	739 798	5 441	(5 515)	739 724
Other reserve capital	29 097	2 782	(2 782)	29 097
Exchange rate differences on valuation of foreign entities	78	(65)	1 014	1 027
Retained earnings	116 214	32 704	(9 055)	139 863
Net profit (loss) for the reporting period	19 317	(1 520)	-	17 797
Minority interest equity	**-**	**-**	**-**	**-**
LONG-TERM LIABILITIES	**14 290**	**234**	**-**	**14 524**
Other financial liabilities	7 173	45	-	7 218
Deferred revenues	6 933	183	-	7 116
Provisions for employee benefits and similar liabilities	184	6	-	190
SHORT-TERM LIABILITIES	**68 373**	**51 388**	**(12 355)**	**107 406**
Other financial liabilities	5 683	525	-	6 208
Trade liabilities	11 416	30 500	(971)	40 945
Current income tax liabilities	22	-	-	22
Other liabilities	27 338	14 903	(11 333)	30 908
Deferred revenues	183	4 070	-	4 253
Provisions for employee benefits and similar liabilities	2	-	-	2
Other provisions	23 729	1 390	(51)	25 068
TOTAL EQUITY AND LIABILITIES	**1 083 287**	**91 100**	**(28 829)**	**1 145 558**

(all figures quoted in PLN thousands unless indicated otherwise)

Segmented consolidated statement of financial position as of 31.12.2018

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
FIXED ASSETS	**375 012**	**29 520**	**(16 223)**	**388 309**
Tangible assets	16 867	2 374	-	19 241
Intangibles	49 413	797	-	50 210
Expenditures on development projects	218 753	24 066	(3)	242 816
Investment properties	9 553	-	-	9 553
Perpetual usufruct of land	3 478	-	-	3 478
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	16 220	-	(16 220)	-
Shares in subsidiaries not subject to consolidation	3 683	-	-	3 683
Deferred income tax assets	37	2 283	-	2 320
Other long-term receivables	570	-	-	570
WORKING ASSETS	**677 133**	**91 017**	**(29 621)**	**738 529**
Inventories	258	-	-	258
Fixed assets held for sale	49	-	-	49
Trade receivables	31 714	6 607	(1 313)	37 008
Current income tax receivables	1 525	86	-	1 611
Other receivables	45 764	1 775	(28 308)	19 231
Prepaid expenses	1 272	20 230	-	21 502
Cash and cash equivalents	41 559	62 319	-	103 878
Bank deposits (maturity beyond 3 months)	554 992	-	-	554 992
TOTAL ASSETS	**1 052 145**	**120 537**	**(45 844)**	**1 126 838**

(all figures quoted in PLN thousands unless indicated otherwise)

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
EQUITY	**978 340**	**40 747**	**(16 223)**	**1 002 864**
Equity attributable to equity holders of parent entity	**978 340**	**40 747**	**(16 223)**	**1 002 864**
Share capital	96 120	136	(136)	96 120
Supplementary capital	739 798	5 441	(5 515)	739 724
Other reserve capital	26 145	2 531	(2 531)	26 145
Exchange rate differences on valuation of foreign entities	63	(65)	1 014	1 012
Retained earnings	6 907	32 674	(9 052)	30 529
Net profit (loss) for the reporting period	109 307	30	(3)	109 334
Minority interest equity	**-**	**-**	**-**	**-**
LONG-TERM LIABILITIES	**6 648**	**43**	**-**	**6 691**
Other financial liabilities	163	-	-	163
Deferred revenues	6 301	37	-	6 338
Provisions for employee benefits and similar liabilities	184	6	-	190
SHORT-TERM LIABILITIES	**67 157**	**79 747**	**(29 621)**	**117 283**
Other financial liabilities	246	-	-	246
Trade liabilities	9 995	41 179	(1 260)	49 914
Other liabilities	34 960	33 736	(28 308)	40 388
Deferred revenues	187	3 382	-	3 569
Provisions for employee benefits and similar liabilities	2	-	-	2
Other provisions	21 767	1 450	(53)	23 164
TOTAL EQUITY AND LIABILITIES	**1 052 145**	**120 537**	**(45 844)**	**1 126 838**

(all figures quoted in PLN thousands unless indicated otherwise)

Segmented consolidated statement of financial position as of 31.03.2018*

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
FIXED ASSETS	**279 785**	**15 104**	**(15 484)**	**279 405**
Tangible assets	16 206	2 663	-	18 869
Intangibles	44 644	1 243	-	45 887
Expenditures on development projects	155 548	10 227	-	165 775
Goodwill	46 417	-	-	46 417
Investments in subsidiaries	15 484	-	(15 484)	-
Shares in subsidiaries not subject to consolidation	452	-	-	452
Deferred income tax assets	533	971	-	1 504
Other long-term receivables	501	-	-	501
WORKING ASSETS	**661 611**	**66 315**	**(7 339)**	**720 587**
Inventories	272	-	-	272
Trade receivables	19 107	3 231	(885)	21 453
Current income tax receivables	1 224	213	-	1 437
Other receivables	22 482	1 490	(6 454)	17 518
Prepaid expenses	2 130	15 738	-	17 868
Cash and cash equivalents	38 479	45 643	-	84 122
Bank deposits (maturity beyond 3 months)	577 917	-	-	577 917
TOTAL ASSETS	**941 396**	**81 419**	**(22 823)**	**999 992**

(all figures quoted in PLN thousands unless indicated otherwise)

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
EQUITY	**885 239**	**38 873**	**(15 484)**	**908 628**
Equity attributable to equity holders of parent entity	**885 239**	**38 873**	**(15 484)**	**908 628**
Share capital	96 120	136	(136)	96 120
Supplementary capital	550 780	5 668	(4 672)	551 776
Other reserve capital	18 166	1 796	(1 796)	18 166
Exchange rate differences on valuation of foreign entities	(50)	(315)	470	105
Retained earnings	196 472	32 447	(9 350)	219 569
Net profit (loss) for the reporting period	23 751	(859)	-	22 892
LONG-TERM LIABILITIES	**2 850**	**42**	**-**	**2 892**
Deferred revenues	2 772	39	-	2 811
Provisions for employee benefits and similar liabilities	78	3	-	81
SHORT-TERM LIABILITIES	**53 307**	**42 504**	**(7 339)**	**88 472**
Other financial liabilities	233	-	-	233
Trade liabilities	5 842	26 503	(885)	31 460
Current income tax liabilities	154	234	-	388
Other liabilities	1 105	9 842	(6 454)	4 493
Deferred revenues	587	3 204	-	3 791
Provisions for employee benefits and similar liabilities	1	-	-	1
Other provisions	45 385	2 721	-	48 106
TOTAL EQUITY AND LIABILITIES	**941 396**	**81 419**	**(22 823)**	**999 992**

** adjusted data*

(all figures quoted in PLN thousands unless indicated otherwise)

Activity segments

In the first quarter of 2019 the Capital Group engaged in business activities in two segments:

- CD PROJEKT RED,
- GOG.com.

CD PROJEKT RED

Videogame development is the main area of activity of the CD PROJEKT RED studio, which carries outs its operations as part of CD PROJEKT S.A. (domestic holding company), CD PROJEKT Inc. (USA), CD PROJEKT Co. Ltd. (China) and, insofar as online marketing is concerned, also CD PROJEKT RED STORE sp. z o.o. This activity focuses on two brands held by the Company: The Witcher and Cyberpunk.

It entails creation and publication of videogames, licensing the associated distribution rights, coordinating sales support, as well as manufacturing, distributing or licensing tie-in products which exploit the commercial appeal of brands owned by the Company.

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

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

The studio's main products currently include videogames – The Witcher, The Witcher 2: Assassins of Kings and The Witcher 3: Wild Hunt, along with two expansion packs – Hearts of Stone and Blood and Wine.

In 2018 the Company released the full version of GWENT: The Witcher Card Game, developed in collaboration with GOG sp. z o.o., as well as a single-player game – Thronebreaker: The Witcher Tales, built around similar gameplay mechanics.

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

GOG.com

GOG.com currently ranks among the world's foremost independent digital entertainment distribution platform, with over 2700 handpicked games licensed from over 600 developers and publishers worldwide. All games are distributed free of cumbersome DRM restrictions.

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

The Group relies on GOG.com to market its own products directly to end users – this includes The Witcher and The Witcher 2: Assassins of Kings, The Witcher 3: Wild Hunt (along with its expansion packs – Hearts of Stone and Blood and Wine, also offered as a Game of the Year Edition), Thronebreaker: The Witcher Tales and The Witcher Adventure Game. Thanks to GOG Galaxy support for GWENT networking features, GWENT in-game transactions carried out by users of the PC edition can take advantage of the sales and payment mechanisms offered by GOG.com.

The GOG.com team has also formed a consortium with CD PROJEKT RED to jointly develop and operate GWENT: The Witcher Card Game. In the framework of this consortium, GOG.com is responsible, among others, for the game's server infrastructure and networking features as well as for player support (jointly with CD PROJEKT RED).

Disclosure of the issuer's significant accomplishments and shortcomings in each activity segment in the first quarter of 2019

CD PROJEKT RED

GWENT: product development

At its earnings conference held on 27 March 2019 the Group announced a smartphone release of GWENT. The iPhone edition is scheduled for release in the fall of 2019 and will be followed by an Android release.

On 28 March 2019 the Group released GWENT's first expansion titled Crimson Curse. This expansion comprises over 100 new cards, along with five new leaders – some well known to fans of The Witcher franchise, others entirely new. The expansion was released simultaneously for the PC, PlayStation 4 and Xbox One.

Starting on 18 March, before the actual release, gamers could take advantage of a preorder offer, which included 40 discounted Crimson Curse kegs, a legendary skin – Blood Armor – for the Unseen leader as well as an animated card back design inspired by the expansion's theme.

On 16-17 March the Group organized another edition of the GWENT Open tournament with a prize pool of 25 000 USD. The tournament was won by Ni „wangid1" Lipao from China.

Events related to The Witcher videogames

On 8 February 2019 an add-on inspired by The Witcher 3: Wild Hunt was released for Monster Hunter: World on PlayStation 4 and Xbox One. Players who have reached Hunter Rank 16 may now impersonate Geralt of Rivia, a professional monster hunter. In addition, for a limited time (15 February – 1 March) the game offered a custom online quest tailored for experienced monster hunters. Gamers could face the Woodland Spirit as either Geralt or Ciri.

In the first quarter of 2019 CD PROJEKT RED was named Best Developer in the Steam Awards poll. Additionally, despite being almost 4 years old at this point, The Witcher 3: Wild Hunt carried the Best Environment category.

GOG.com

Publishing activities

In the first quarter of 2019 the catalogue of PC classics available on GOG.com was extended with cult classics from Blizzard Entertainment: Diablo appeared on 7 March and was followed on 28 March by Warcraft: Orcs & Humans and Warcraft II. Other new releases introduced in the first quarter included Sunless Skies, Foundation, Dawn of Man, Ape Out and The Occupation.

GOG.com also began accepting preorders for a hotly anticipated 2020 release: Vampire: The Masquerade – Bloodlines 2. This preorder drive is assisted by a significant marketing campaign.

Sales support

Digital distribution is strongly affected by sale campaigns. In the first quarter of 2019, in addition to weekly sales, GOG.com organized several themed promotional activities. The first of these was Hot Sale held in January, with bargain offers on over 100 games, including Winter Sale best-sellers. Each user of GOG.com could also claim a free copy of Distraint. The Lantern Festival Sale held in late February and coinciding with the Chinese New Year involved over 200 products, including many classics, such as Baldur's Gate, Neverwinter Nights, Fallout: New Vegas, Heroes of Might and Magic III, DOOM, Wing Commander and Dungeon Keeper.

From the sales perspective, the key event of the first quarter was the Spring Sale, involving over 600 games, along with brief periods during which selected games could be picked up at a massive discount. During this event the Company also announced suport for cloud saves for over 100 games running on the DOSBox emulator – most of which had been released in the early 90s.

Other achievements

On 8 March 2019 at a gala event held by the Polish Chamber of Brokerage Houses CD PROJEKT won second prize for investor relations among WIG30 companies. The poll, which involved assessment by 20 different entities – brokerage houses and investment funds – was carried out as a joint initiative of the Parkiet periodical and the Chamber of Brokerage Houses.

On 13 March 2019 CD PROJEKT once again claimed the main award of the Puls Biznesu ranking (20th edition) being named Company of the Year. The Company also carried the Growth Perspectives category, was the runner-up in the Board Competences category and took third place in the Product and Service Innovation category. Similarly to previous edition, the ranking was based on a survey carried out among approximately 100 capital market experts.

On 8 May (after the balance sheet date) the Group launched its CD PROJEKT RED STORE which carries out online marketing of tie-in products associated with CD PROJEKT RED games. The store is available in Polish and English and currently serves the European Union. In the near future the Company intends to extend the Store's geographical reach to cover the United States and Canada, among others.

Disclosure of factors which may affect future Group results

Similarly to other entities which conduct activities on the domestic and international market, CD PROJEKT member companies are affected by a wide range of external factors, including changes in micro- and macroeconomic conditions, new legal regulations and fiscal reforms.

With regard to the upcoming quarterly periods, the CD PROJEKT Capital Group intends to continue carrying out activities in its two core segments – CD PROJEKT RED and GOG.com, as well as pursue new initiatives in the framework of Spokko and CD PROJEKT RED STORE. Specific vectors of development are laid out in the Strategy of the CD PROJEKT Capital Group for 2016-2021, announced in March 2016 and available on the Company website at https://www.cdprojekt.com/en/capital-group/strategy/.

Considering the external factors, the Management Board of CD PROJEKT S.A. expects that the financial results of the CD PROJEKT RED segment, and therefore of the entire Capital Group, will be significantly affected by ongoing projects, including activities related to their development and their appeal among gamers. In this context, current results are strongly dependent on the popularity of Witcher-themed games already published by the Company, whereas in future reporting periods focus will shift to the development progress and market reception of Cyberpunk 2077 and further projects.

To-date enthusiastic reception of the product by gamers and experts alike suggests that the brand carries considerable strength, both in terms of its appeal and market potential. Top-notch development quality along with further effective marketing activities surrounding the release of Cyberpunk 2077, PR activities, hype building and involvement in fostering a strong gamer community will all significantly affect the market performance of the upcoming product. In addition, the popularity and recognition of the Cyberpunk 2077 brand may also entice gamers who have not yet played The Witcher games to purchase the Company's earlier products.

Future results of the CD PROJEKT Capital Group may also depend on the popularity and effective animation of GWENT: The Witcher Card Game. Following the game's release in the final quarter of 2018, the team currently focuses on producing new content, new card sets and further expansions to follow Crimson Curse, as well as on organizing regular in-game events which increase player involvement.

GWENT: The Witcher Card Game is the first multiplayer game developed entirely by the CD PROJEKT Group, with CD PROJEKT RED and GOG collaborating on rolling out new technologies while expanding their respective skillsets and experience with managing online services. These technologies and the associated know-how are of strategic importance for the Group and its future development and publishing capabilities.

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

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

Since April 2017 GOG.com has offered players access to its GOG Galaxy technology stack, which supports (among others) unhindered online multiplayer gaming. This technology enables GOG.com to add more online games to its catalogue. Furthermore, releasing additional products with built-in GOG Galaxy multiplayer support may entice gamers to take up interest in other games offered on GOG.com. GOG Galaxy is continually expanded with new features, in line with gamers' and developers' expectations.

On 22 May the company presented GOG Galaxy 2.0 and launched subscriptions for a closed beta of the application. This new edition of the GOG Galaxy technology stack aims to enable, among others, inter-platform communication, integration of customers' game shelves across gaming platforms (including both the PC and consoles) as well as further enhancements in the scope of communication and achievement tracking in friend circles. Our new proposal will be a solution for all players on PCs and consoles – transcending GOG.com users.

The application is a response to the current market environment, which becomes increasingly fragmented through the growing number of new distribution outlets and consecutive titles published exclusively on selected platforms.

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

Participation in the GWENT project and applying GOG Galaxy in the development of a free-to-play online game marks GOG.com's entry into a new market segment. The resulting technologies and experience will, in the Board's opinion, strongly affect future growth prospects of GOG.com in this heretofore unexplored area of the gaming market.

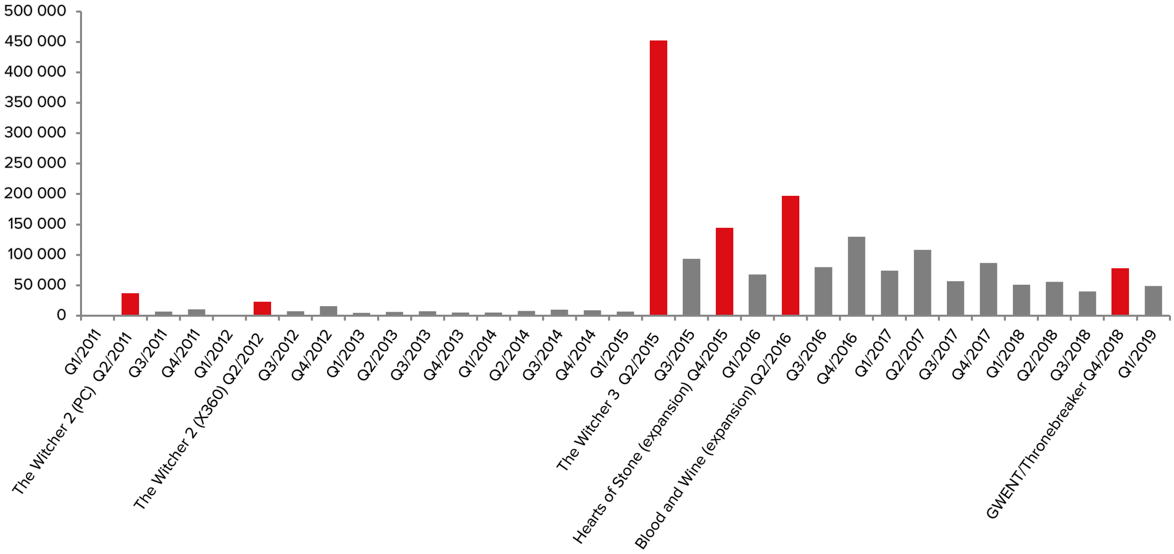
Disclosure of seasonal or cyclical activities

CD PROJEKT RED

CD PROJEKT RED usually takes between 2 and 4 years to produce a game. Initial development work occurs before the previous game in the series is complete and ready to be released.

GWENT: The Witcher Card Game, currently maintained by the Company, follows the “game as a service” model, where the scope of expenditures and revenue streams directly depends on the popularity of the service.

Figure 1 Impact of new releases on CD PROJEKT RED quarterly revenues from sales of products, goods and materials (PLN thousands).



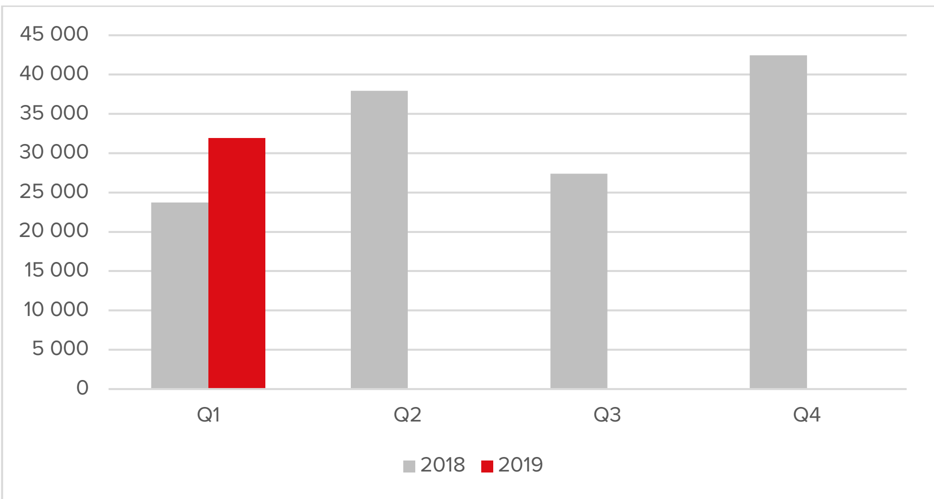
GOG.com

The digital videogame distribution market, which is the main area of activity of GOG.com, is characterized by seasonal fluctuations in revenues. On an annual basis, the highest revenues are typically obtained in the second and fourth quarter while the lowest revenues occur in the first and third quarter. Sales in Q2 and Q4 are boosted by promotional activities organized in these periods.

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

Strong revenues reported by GOG.com in the second quarter of 2015 were due to the release of The Witcher 3: Wild Hunt. Regarding the second quarter of 2016, that period was dominated by the release of Blood and Wine – a major expansion packs for The Witcher 3. In addition, GOG.com collects revenues associated with its participation in the GWENT: The Witcher Card Game project. Both in 2017 and in 2018 GWENT represented the most important product of the GOG.com segment.

Figure 2 GOG.com sales of goods and materials by quarter; 2011-2019 (PLN thousands)



Disclosure of key clients

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

Within the CD PROJEKT RED segment the activities of CD PROJEKT S.A. carried out in collaboration with one external client during Q1 2019 generated revenues which exceeded 10% of the consolidated sales revenues of the CD PROJEKT Capital Group – specifically, 18 872 thousand PLN, which represents 23.3% of the Group's consolidated sales revenues for this period.

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

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

4

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

Important events

The earnings reported by the CD PROJEKT Capital Group in Q1 2019 were primarily driven by sales of The Witcher 3: Wild Hunt together with its expansions – Hearts of Stone and Blood and Wine, sold separately as well as in the Game of the Year Edition bundle. Activities related to GWENT and Thronebreaker also had a significant impact on the Group's revenues.

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

No notable unusual circumstances affecting the Group's activities occurred in the first quarter of 2019.

Note 2. Tangible fixed assets

Changes in fixed assets (by category) between 01.01.2019 and 31.03.2019

	Buildings and structures	Civil engineering objects	Machinery and equipment	Vehicles	Other fixed assets	Fixed assets under construction	Total
Gross carrying amount as of 01.01.2019	**14 724**	**141**	**24 810**	**2 057**	**1 572**	**658**	**43 962**
Increases from:	**14 808**	**-**	**1 928**	**-**	**465**	**577**	**17 778**
purchases	109	-	1 785	-	68	577	2 539
lease agreements	14 467	-	-	-	-	-	14 467
reclassification from fixed assets under construction	173	-	-	-	397	-	570
acquisition free of charge	-	-	139	-	-	-	139
others	59	-	4	-	-	-	63
Reductions from:	**-**	**-**	**142**	**-**	**-**	**570**	**712**
sales	-	-	15	-	-	-	15
disposal	-	-	127	-	-	-	127
reclassification from fixed assets under construction	-	-	-	-	-	570	570
Gross carrying amount as of 31.03.2019	**29 532**	**141**	**26 596**	**2 057**	**2 037**	**665**	**61 028**
Depreciation as of 01.01.2019	**5 062**	**15**	**17 708**	**962**	**974**	**-**	**24 721**
Increases from:	**1 941**	**4**	**1 179**	**96**	**107**	**-**	**3 327**
depreciation	1 928	4	1 177	96	107	-	3 312
others	13	-	2	-	-	-	15
Reductions from:	**-**	**-**	**142**	**-**	**-**	**-**	**142**
sales	-	-	15	-	-	-	15
disposal	-	-	127	-	-	-	127
Depreciation as of 31.03.2019	**7 003**	**19**	**18 745**	**1 058**	**1 081**	**-**	**27 906**
Impairment allowances as of 01.01.2019	-	-	-	-	-	-	-
Impairment allowances as of 31.03.2019	-	-	-	-	-	-	-
Net carrying amount as of 01.01.2019	**9 662**	**126**	**7 102**	**1 095**	**598**	**658**	**19 241**
Net carrying amount as of 31.03.2019	**22 529**	**122**	**7 851**	**999**	**956**	**665**	**33 122**

Contractual commitments for future acquisition of fixed assets

	31.03.2019	31.12.2018*	31.03.2018*
Leasing of passenger cars	245	245	131
Total	**245**	**245**	**131**

** adjusted data*

(all figures quoted in PLN thousands unless indicated otherwise)

Fixed assets held under lease agreements

	31.03.2019		
	Gross carrying amount	Depreciation	Net carrying amount
Buildings and structures	14 510	1 535	12 975
Vehicles	1 173	334	839
Total	**15 683**	**1 869**	**13 814**

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

	31.03.2018		
	Gross carrying amount	Depreciation	Net carrying amount
Vehicles	625	136	489
Total	**625**	**136**	**489**

Note 3. Fixed assets held for sale

	31.03.2019	31.12.2018	31.03.2018
Passenger car	49	49	-
Total	**49**	**49**	**-**

One of the passenger cars belonging to the Group was offered for sale. The sale transaction was carried out after the balance sheet date (i.e. after 31 March 2019) but prior to the publication date of this financial statement. The sale price, discounted by selling costs, was higher than the corresponding balance sheet value.

(all figures quoted in PLN thousands unless indicated otherwise)

Note 4. Intangibles and expenditures on development projects

Changes in intangibles between 01.01.2019 and 31.03.2019

	Development projects in progress	Development projects completed	Trademarks	Patents and licenses	Copyrights	Computer software	Goodwill	Intangibles under construction	Others	Total
Gross carrying amount as of 01.01.2019	**177 817**	**239 385**	**32 199**	**1 926**	**11 318**	**26 065**	**56 438**	**706**	**1**	**545 855**
Increases from:	**28 593**	**-**	**-**	**202**	**-**	**479**	**-**	**158**	**-**	**29 432**
purchases	-	-	-	202	-	95	-	158	-	455
reclassification from development projects in progress	-	-	-	-	-	384	-	-	-	384
own creation	28 593	-	-	-	-	-	-	-	-	28 593
Reductions from:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**384**	**-**	**384**
reclassification from development projects in progress	-	-	-	-	-	-	-	384	-	384
Gross carrying amount as of 31.03.2019	**206 410**	**239 385**	**32 199**	**2 128**	**11 318**	**26 544**	**56 438**	**480**	**1**	**574 903**
Depreciation as of 01.01.2019	**-**	**174 386**	**-**	**1 048**	**-**	**20 956**	**-**	**-**	**1**	**196 391**
Increases from:	**-**	**7 058**	**-**	**84**	**-**	**705**	**-**	**-**	**-**	**7 847**
depreciation	-	7 058	-	84	-	705	-	-	-	7 847
Reductions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation as of 31.03.2019	**-**	**181 444**	**-**	**1 132**	**-**	**21 661**	**-**	**-**	**1**	**204 238**
Impairment allowances as of 01.01.2019	-	-	-	-	-	-	-	-	-	-
Impairment allowances as of 31.03.2019	-	-	-	-	-	-	-	-	-	-
Net carrying amount as of 01.01.2019	**177 817**	**64 999**	**32 199**	**878**	**11 318**	**5 109**	**56 438**	**706**	**-**	**349 464**
Net carrying amount as of 31.03.2019	**206 410**	**57 941**	**32 199**	**996**	**11 318**	**4 883**	**56 438**	**480**	**-**	**370 665**

Contractual commitments for future acquisition of intangibles

None reported.

Note 5. Goodwill

No changes in goodwill occurred between 1 January and 31 March 2019.

(all figures quoted in PLN thousands unless indicated otherwise)

Note 6. Investment properties

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

	31.03.2019	31.12.2018	31.03.2018
Investment property in Warsaw at Jagiellońska 76	9 555	9 553	-
Activated costs related to the property	-	-	-
Total	**9 555**	**9 553**	**-**

Contractual commitments for acquisition of investment properties

	31.03.2019	31.12.2018	31.03.2018
Purchase of investment property in Warsaw at Jagiellońska 76	-	10 952	9 444
Total	**-**	**10 952**	**9 444**

Note 7. Perpetual usufruct of land

Value and area of land subject to perpetual usufruct

	31.03.2019	31.12.2018	31.03.2018
Perpetual usufruct of land in Warsaw at Jagiellońska 76 (2 913 m^2)	3 478	3 478	-
Total	**3 478**	**3 478**	**-**

Note 8. Inventories

Changes in inventories

	31.03.2019	31.12.2018	31.03.2018
Goods	237	249	253
Other materials	8	9	19
Gross inventories	**245**	**258**	**272**
Inventory impairment allowances	-	-	-
Net inventories	**245**	**258**	**272**

Changes in inventory impairment allowances

None reported.

Note 9. Trade and other receivables

Changes in receivables

	31.03.2019	31.12.2018	31.03.2018
Trade and other receivables	**71 811**	**56 239**	**38 971**
from affiliates	60	31	93
from external entities	71 751	56 208	38 878
Impairment allowances	**911**	**912**	**2 899**
Gross receivables	**72 722**	**57 151**	**41 870**

Changes in impairment allowances on receivables

	Trade receivables	Other receivables	Total
OTHER ENTITIES			
Impairment allowances as of 01.01.2019	**180**	**732**	**912**
Increases	**-**	**-**	**-**
Reductions from:	**1**	**-**	**1**
dissolution of allowances due to collection of receivables	1	-	1
Impairment allowances as of 31.03.2019	**179**	**732**	**911**

Current and overdue trade receivables as of 31.03.2019

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
AFFILIATES							
gross receivables	56	56	-	-	-	-	-
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	**56**	**56**	**-**	**-**	**-**	**-**	**-**

(all figures quoted in PLN thousands unless indicated otherwise)

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	29 990	29 597	177	30	6	-	180
non-fulfillment ratio		0%	0%	0%	0%	0%	4%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	179	-	-	-	-	-	179
total expected credit loss	179	-	-	-	-	-	179
Net receivables	**29 811**	**29 597**	**177**	**30**	**6**	**-**	**1**
Total							
gross receivables	30 046	29 653	177	30	6	-	180
impairment allowances	179	-	-	-	-	-	179
Net receivables	**29 867**	**29 653**	**177**	**30**	**6**	**-**	**1**

Other receivables

	31.03.2019	31.12.2018	31.03.2018
Other receivables, including:	**41 944**	**19 231**	**17 518**
tax returns except corporate income tax	16 261	15 311	13 468
advance payments for supplies	24 065	1 085	1 656
deposits	461	480	141
prepaid licensing royalties	1 107	620	451
advance payment for investment properties	-	1 667	1 667
employee settlements	40	29	113
others	10	39	22
Impairment allowances	**732**	**732**	**732**
Other gross receivables	**42 676**	**19 963**	**18 250**

(all figures quoted in PLN thousands unless indicated otherwise)

Note 10. Prepaid expenses

	31.03.2019	31.12.2018*	31.03.2018*
Non-life insurance	80	117	82
Minimum guarantees; payments advanced to GOG	21 372	19 670	15 161
Software, licenses	1 269	890	954
Business travel (airfare, accommodation, insurance)	251	113	72
IT security	410	282	340
Production of marketing materials	-	-	363
Expenditures related to participation in fairs	-	-	508
Other prepaid expenses	550	430	388
Total prepaid expenses	**23 932**	**21 502**	**17 868**

** adjusted data*

Note 11. Deferred income tax

Negative temporary differences requiring recognition of deferred tax assets

	31.12.2018	increases	reductions	31.03.2019
Provisions for other employee benefits	214	8	5	217
Provisions for compensation dependent on financial result	14 356	2 556	151	16 761
Tax loss	2 760	-	282	2 478
Negative exchange rate differences	16	176	18	174
Employee compensation and social security expenses payable in future reporting periods	6	1	2	5
Deferred revenues associated with adding funds to virtual wallets and participation in the additional benefits program	3 364	1 979	1 847	3 496
Other provisions	2 024	384	1 809	599
R&D tax relief	52 532	-	-	52 532
Total negative temporary differences	**75 272**	**5 104**	**4 114**	**76 262**
Tax rate (Poland)	19%	19%	19%	19%
Deferred tax assets	**14 302**	**970**	**782**	**14 490**

Positive temporary differences requiring recognition of deferred tax provisions

	31.12.2018*	increases	reductions	31.03.2019
Difference between net carrying value and net tax value of fixed assets and intangibles	21 596	401	390	21 607
Income in the current period invoiced in the following period, and sales returns in the current period	30 793	15 776	25 872	20 697
Positive exchange rate differences	271	353	269	355
Difference between balance sheet value and tax value of R&D expenditures	9 912	-	2 172	7 740
Other sources	490	16	81	425
Total positive temporary differences	**63 062**	**16 546**	**28 784**	**50 824**
Tax rate (Poland)	19%	19%	19%	19%
Deferred tax provisions	**11 982**	**3 144**	**5 469**	**9 657**

** adjusted data*

(all figures quoted in PLN thousands unless indicated otherwise)

Balance of deferred tax assets/provisions

	31.03.2019	31.12.2018	31.03.2018
Deferred tax assets	14 490	14 302	9 622
Deferred tax provisions	9 657	11 982	8 118
Net deferred tax assets (provisions)	**4 833**	**2 320**	**1 504**

Income tax reported in profit/loss account

	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018
Current income tax	7 452	9 647
Changes in deferred income tax	(2 513)	(3 382)
Income tax reported in profit/loss account	**4 939**	**6 265**

Note 12. Provisions for employee benefits and similar liabilities

	31.03.2019	31.12.2018	31.03.2018
Provisions for retirement benefits and pensions	192	192	82
Total, including:	**192**	**192**	**82**
long-term provisions	190	190	81
short-term provisions	2	2	1

No changes in provisions for employee benefits and similar liabilities occurred between 1 January and 31 March 2019.

Note 13. Other provisions

	31.03.2019	31.12.2018	31.03.2018
Provisions for warranty-covered repairs and returns	**15**	**15**	**55**
Provisions for liabilities, including:	**25 053**	**23 149**	**48 051**
financial statement audit and review expenses	-	100	-
provisions for bought-in services	344	457	149
provisions for bonuses dependent on the financial result	24 520	21 246	47 856
provisions for other expenses	189	1 346	46
Total, including:	**25 068**	**23 164**	**48 106**
long-term provisions	-	-	-
short-term provisions	25 068	23 164	48 106

(all figures quoted in PLN thousands unless indicated otherwise)

Changes in other provisions

	Provisions for warranty-covered repairs and returns	Provisions for bonuses dependent on financial result	Other provisions	Total
As of 01.01.2019	**15**	**21 246**	**1 903**	**23 164**
Provisions created during fiscal year	-	3 655	462	4 117
Provisions consumed	-	381	1 800	2 181
Provisions dissolved	-	-	32	32
As of 31.03.2019, including:	**15**	**24 520**	**533**	**25 068**
long-term provisions	-	-	-	-
short-term provisions	15	24 520	533	25 068

Note 14. Other liabilities

	31.03.2019	31.12.2018	31.03.2018
Liabilities associated with other taxation, duties, social security and other payments, except corporate income tax	**4 763**	**6 822**	**4 451**
VAT	3 297	5 186	3 226
Flat-rate tax deducted at source	29	17	26
Personal income tax	596	1 019	514
Social security (ZUS) payments	802	571	645
National Fund for the Rehabilitation of the Disabled (PFRON) payments	30	26	23
PIT-8A settlements	9	3	17
Other liabilities	**26 145**	**33 566**	**42**
Other settlements with employees	11	9	14
Other settlements with members of the management boards of Capital Group member companies	2	30	20
Liabilities associated with purchase of investment properties	-	10 952	-
Social Benefits Fund (ZFŚS) – other settlements	-	(31)	(2)
Advance payments from foreign clients	26 132	22 606	10
Total other liabilities	**30 908**	**40 388**	**4 493**

Note 15. Disclosure of financial instruments

Fair value of financial instruments per class

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

(all figures quoted in PLN thousands unless indicated otherwise)

Financial assets – classification and appraisal

	31.03.2019	31.12.2018	31.03.2018
Financial assets held at amortized cost	**652 339**	**696 448**	**683 993**
Other long-term receivables	570	570	501
Trade receivables	29 867	37 008	21 453
Cash and cash equivalents	155 119	103 878	84 122
Bank deposits (maturity beyond 3 months)	466 783	554 992	577 917
Capital market instruments held at purchase price	**4 881**	**3 683**	**452**
Shares in entities excluded from consolidation	4 881	3 683	452
Total financial assets	**657 220**	**700 131**	**684 445**

Financial liabilities – classification and appraisal

	31.03.2019	31.12.2018	31.03.2018
Financial liabilities held at amortized cost	**54 371**	**50 323**	**31 693**
Trade liabilities	40 945	49 914	31 460
Other financial liabilities	13 426	409	233

Note 16. Sales revenues

Sales revenues by territory

	01.01.2019 – 31.03.2019		01.01.2018 – 31.03.2018	
	PLN	%	PLN	%
Domestic sales	3 642	4.50%	4 080	5.41%
Exports, including:	**77 263**	**95.50%**	**71 355**	**94.59%**
Europe	23 109	28.56%	23 605	31.30%
North America	46 817	57.87%	41 216	54.64%
South America	637	0.79%	642	0.85%
Asia	5 122	6.33%	4 295	5.69%
Australia	1 438	1.78%	1 399	1.85%
Africa	140	0.17%	198	0.26%
Total	**80 905**	**100%**	**75 435**	**100%**

Sales revenues by product type

	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018
Own products	50 870	52 217
External products	29 960	23 213
Other revenues	75	5
Total	**80 905**	**75 435**

(all figures quoted in PLN thousands unless indicated otherwise)

Sales revenues by distribution channel

	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018
Box editions of videogames	3 488	6 618
Digital editions of videogames	76 761	68 072
Other revenues	656	745
Total	**80 905**	**75 435**

Note 17. Operating expenses

	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018*
Depreciation and impairment of fixed assets, intangibles and development projects, including:	1 980	1 186
- depreciation of buildings held under lease agreements	736	-
- depreciation of vehicles held under lease agreements	59	31
Consumption of materials and energy	456	339
Bought-in services, including:	13 092	15 302
- costs associated with short-term lease agreements and leasing of low-value assets	93	-
Taxes and fees	163	128
Employee compensation, social security and other benefits	15 532	14 190
Business travel	577	349
Use of company cars	28	28
Value of goods and materials sold	21 708	16 105
Cost of products and services sold	7 005	28
Other expenses	11	57
Total	**60 552**	**47 712**
Selling costs	22 197	22 775
General and administrative costs	9 642	8 804
Cost of products, goods and materials sold	28 713	16 133
Total	**60 552**	**47 712**

** adjusted data*

(all figures quoted in PLN thousands unless indicated otherwise)

Note 18. Other operating revenues and expenses

Other operating revenues

	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018
Subsidies	54	46
Reinvoicing revenues	274	151
Dissolution of other provisions	-	25
Repossession gains	1	27
Insurance claims and compensation for damages	-	16
Fixed assets and goods received free of charge	139	29
Other sales	20	17
Other miscellaneous operating revenues	22	8
Total operating revenues	**510**	**319**

Other operating expenses

	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018
Donations	6	41
Reinvoicing expenses	276	157
Unrecoverable withholding tax	2	20
Disposal of materials and goods	-	15
Expenses associated with other sales	19	56
Other miscellaneous operating expenses	1	35
Total operating expenses	**304**	**324**

Note 19. Financial revenues and expenses

Financial revenues

	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018
Revenues from interest:	**2 547**	**1 636**
on short-term bank deposits	2 547	1 636
Other financial revenues	**-**	**-**
Total financial revenues	**2 547**	**1 636**

(all figures quoted in PLN thousands unless indicated otherwise)

Financial expenses

	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018
Interest payments:	**192**	**12**
on lease agreements	175	3
on budget commitments	17	9
Other financial expenses, including:	**179**	**366**
surplus negative exchange rate differences	179	366
Total financial expenses	**371**	**378**
Net balance of financial activities	**2 176**	**1 258**

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 exemption specified in Art. 5 of the new standard. In such cases lease payments are reported as costs during the period in which they are incurred, using either the straight-line method or another method which best reflects the breakdown of payments throughout the duration of the agreement (information regarding costs related to such agreements, incurred between 1 January and 31 March 2019, can be found in Note 17).

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

	31.03.2019
less than 1 year	310
between 1 and 5 years	932
more than 5 years	-
Total	**1 242**

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

Issue of debt securities

Not applicable.

Issue of capital securities

	31.03.2019	31.12.2018	31.03.2018
Stock volume (thousands)	96 120	96 120	96 120
Nominal value per share (PLN)	1	1	1
Share capital	**96 120**	**96 120**	**96 120**

Note 22. Dividends declared or paid out and collected

No dividends were declared or paid out by the Group Companies between 1 January and 31 March 2019.

Note 23. Transactions with affiliates

Rules governing transactions with affiliates

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

The prices of goods and services exchanged within the CD PROJEKT Capital Group are estimated in accordance with OECD guidelines and national legislation. Transfer method selection is preceded by a thorough analysis of each transaction, which includes, among others, the assignment of responsibilities to each party, the assets involved and the corresponding allocation of risks and costs. In each case, the method regarded as most appropriate for the given transaction type is applied so that transactions between member companies of the CD PROJEKT Capital Group are carried out under conditions approximating those which unaffiliated entities could be expected to agree upon. Given that entities comprising the CD PROJEKT Capital Group fulfill the Corporate Income Tax Act provisions regarding transfer prices, they are obligated to submit the relevant tax forms.

Transactions with affiliates following consolidation eliminations

	Sales to affiliates		Purchases from affiliates	
	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018
SUBSIDIARIES				
CD PROJEKT Co., Ltd.	-	29	782	780
Spokko sp. z o.o.	65	-	-	-
CD PROJEKT RED STORE sp. z o.o.	54	-	-	-
GROUP MEMBER COMPANY EXECUTIVES				
Marcin Iwiński	2	2	-	-
Adam Kiciński	4	1	-	-
Piotr Nielubowicz	1	1	-	-
Michał Nowakowski	2	2	-	-
Adam Badowski	1	-	-	-

(all figures quoted in PLN thousands unless indicated otherwise)

	Receivables from affiliates			Liabilities due to affiliates		
	31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.12.2018	31.03.2018
SUBSIDIARIES						
CD PROJEKT Co., Ltd.	-	-	55	264	625	337
Spokko sp. z o.o.	21	28	-	-	-	-
CD PROJEKT RED STORE sp. z o.o.	39	-	-	-	-	-
GROUP MEMBER COMPANY EXECUTIVES						
Marcin Iwiński	-	-	23	-	2	19
Adam Kiciński	3	-	1	1	28	1
Michał Nowakowski	-	3	4	-	-	-
Adam Badowski	-	-	3	-	-	-
Oleg Klapovskiy	-	-	7	1	-	-

(all figures quoted in PLN thousands unless indicated otherwise)

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

Not applicable.

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

Conditional liabilities from sureties and collateral pledged

	Type of agreement	Currency	31.03.2019	31.12.2018	31.03.2018
mBank S.A.					
Declaration of submission to enforcement	Collateral for credit card agreement	PLN	920	920	920
Promissory note agreement	Framework agreement concerning forward and derivative transactions	PLN	7 710	7 710	7 710
Promissory note agreement	Collateral for lease agreement	PLN	667	667	667
Ingenico Group S.A. (formerly Global Collect Services BV)					
Contract of guarantee	Guarantee of discharge of liabilities by GOG sp. z o.o.	EUR	155	155	155
Polish Agency for Enterprise Development (Polska Agencja Rozwoju Przedsiębiorczości)					
Promissory note agreement	Co-financing agreement no. UDA-POIG.08.02.00-14-524/13-00; POIG Task 8.2	PLN	-	-	798
National Centre for Research and Development (Narodowe Centrum Badań i Rozwoju)					
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0105/16	PLN	7 934	7 934	7 934
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0110/16	PLN	5 114	5 114	5 114
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0112/16	PLN	3 857	3 857	3 857
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0118/16	PLN	5 324	5 324	5 324
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0120/16	PLN	1 234	1 234	1 234

(all figures quoted in PLN thousands unless indicated otherwise)

Bank BGŻ BNP Paribas S.A. (formerly Raiffeisen Bank Polska S.A.)					
Declaration of submission to enforcement	Framework agreement concerning forward and derivative transactions	PLN	-	-	25 000
Santander Leasing S.A. (formerly BZ WBK Leasing S.A.)					
Promissory note agreement	Lease agreement no. CZ5/00013/2017	PLN	91	115	185
Promissory note agreement	Lease agreement no. CZ5/00036/2017	PLN	40	50	80
Promissory note agreement	Lease agreement no. CR/01390/2018	PLN	270	299	-
Santander Bank Polska S.A. (formerly BZ WBK S.A.)					
Promissory note agreement	Framework agreement concerning treasury transactions	PLN	6 500	6 500	6 500

(all figures quoted in PLN thousands unless indicated otherwise)

Note 26. Changes in the structure of the Capital Group and its member entities occurring during the reporting period

On 14 January 2019 a new company was incorporated in the framework of the Capital Group under the name CD PROJEKT RED STORE sp. z o.o. CD PROJEKT S.A. holds 100% of shares of the new company.

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

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

Note 28. Fiscal settlements

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

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

The GAAR rule is applicable to transactions carried out following its introduction as well as to preceding transactions, if such transactions continued to generate tax benefits on the date of introduction of GAAR. Implementation of the abovementioned rules enables Polish tax authorities to question legal agreements concluded by taxable entities, such as restructuration and reorganization of the Capital Group, and also, in certain cases, refuse to issue binding interpretations upon which fiscal settlements can be carried out.

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

	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018*
Total cash and cash equivalents reported in the cash flow statement	**155 119**	**84 122**
Cash on balance sheet	155 119	84 122
Depreciation	**1 980**	**1 186**
Depreciation of intangible	339	282
Depreciation of development projects	75	22
Depreciation of fixed assets	1 566	882
Interest and profit sharing consists of:	**(2 372)**	**(1 636)**
Interest collected	(2 547)	(1 636)
Interest on lease agreements	175	-
Profit (loss) from investment activities consists of:	**(139)**	**(29)**
Fixed assets received free of charge	(139)	(29)
Changes in provisions consist of:	**668**	**2 799**
Balance of changes in provisions for liabilities	1 904	4 466
Provisions for compensation contingent upon the Group's financial result capitalized on expenditures on development projects	(1 236)	(1 667)
Changes in inventories consist of:	**13**	**51**
Balance of changes in inventories	13	51
Changes in receivables consist of:	**(17 225)**	**25 593**
Balance of changes in short-term receivables	(14 476)	23 435
Balance of changes in long-term receivables	-	(6)
Advance payments for investment properties	(1 667)	727
Income tax set against withholding tax	-	3 547
Adjustments for current income tax	(1 082)	(2 110)
Changes in short-term liabilities except financial liabilities consist of:	**(10 173)**	**(7 706)**
Balance of changes in short-term liabilities	(12 465)	(11 217)
Adjustments for current income tax	(22)	3 069
Adjustments for changes in financial liabilities	(5 962)	(43)
Adjustments for liabilities associated with purchases of fixed assets	(568)	234
Adjustments for liabilities associated with purchases of intangibles	(171)	251
Adjustments for liabilities associated with purchases of investment properties	9 015	-
Changes in other assets and liabilities consist of:	**(968)**	**(2 045)**
Balance of changes in prepaid expenses	(2 430)	(3 572)
Balance of changes in deferred revenues	1 462	1 527
Other adjustments consist of:	**2 918**	**2 955**
Costs of incentive program	2 854	2 954
Depreciation aggregated with cost of sales and consortium settlements	58	7
Exchange rate differences	6	(6)

** adjusted data*

(all figures quoted in PLN thousands unless indicated otherwise)

Note 30. Cash flows and other non-monetary changes associated with financial liabilities

	01.01.2019	Cash flows	Non-monetary changes			31.03.2019
			Acquisitions of fixed assets under lease agreements	Changes in exchange rate differences	Accrued interest	
Lease liabilities	409	(1 665)	14 462	45	175	13 426
Total	**409**	**(1 665)**	**14 462**	**45**	**175**	**13 426**

	01.01.2018	Cash flows	Non-monetary changes			31.03.2018
			Acquisitions of fixed assets under lease agreements	Changes in exchange rate differences	Accrued interest	
Lease liabilities	338	(104)	-	(1)	-	233
Total	**338**	**(104)**	**-**	**(1)**	**-**	**233**

Note 31. Events occurring after the balance sheet data

On 4 April 2019 Mr. Oleg Klapovskiy tendered his resignation from the Management Board of the Company, effective on the date of the nearest General Meeting. The stated reason behind the resignation was the need for full involvement in the affairs of a subsidiary Company – GOG sp. z o.o. – including further expansion of the GOG.com platform and work on new projects which will affect the operation of the online store and the GOG.com platform as a whole.

On 23 April 2019 the Management Board of the Company adopted a resolution concerning approval and submission to the Ordinary General Meeting of a recommendation concerning the allocation of net profit obtained in 2018, a portion of which would be returned to Company shareholders in the form of a dividend.

The recommendation submitted by the Management Board to the Ordinary General Meeting of the Company concerned the allocation of net profit in the amount of 109 450 674.08 PLN (one hundred and nine million four hundred and fifty thousand six hundred and seventy-four PLN 08/100), and specifically allocation of 100 926 000.00 PLN (one hundred million nine hundred and twenty-six thousand PLN) to a dividend payable to Company shareholders at a rate of 1.05 PLN (one PLN 05/100) per share and transferring the remainder, i.e. 8 524 674.08 PLN (eight million five hundred and twenty-four thousand six hundred and seventy-four PLN 08/100) to the Company's reserve capital.

The Management Board also recommended that the dividend date be set to 31 May 2019 with dividend payment occurring on 13 June 2019.

The above recommendation was endorsed by the Supervisory Board of the Company on 24 April 2019.

Given that the date of the Ordinary General Meeting whose agenda includes a vote on the resolution concerning the dividend payment coincides with the publication date of this quarterly report and in light of the fact that the shareholders' decision in this matter is not yet known, the Company will disclose the final allocation of its net profit for 2018 by way of a separate current report.

On 24 April 2019 the Board of the Company announced that it had filed a cassation appeal against the judgment delivered on 21 December 2018 in the Company's lawsuit against the State Treasury for reimbursement of damages sustained by the Company as a result of erroneous decisions of tax authorities.

The appeal submitted by the Company concerns the portion of the judgment which reverses the earlier judgment of the District Court in Kraków (previously reported in Current report no. 13/2014 of 1 August 2014) by dismissing the lawsuit, as well as the portion in which the judgment dismisses the Company's appeal concerning the costs of legal proceedings.

(all figures quoted in PLN thousands unless indicated otherwise)

Supplementary information

5

Legal proceedings

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

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

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

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

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

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

On 9 October 2014 the Company filed an appeal against the District Court's judgment with regard to those sections in which the District Court dismissed the Company's claims, and also the section concerning the cost of legal proceedings associated with the case. A parallel appeal against the section in which the District Court affirms the Company's claims was filed by the State Treasury. On 21 December 2019 the Appellate Court altered the judgment of the court of first instance by dismissing the Company's lawsuit in its entirety.

The Company subsequently filed a cassation appeal against the aforementioned judgement insofar as it reverses the judgment of the District Court in Kraków by dismissing the lawsuit, as well as with regards to those parts of the judgement which concern the costs of legal proceedings.

No other significant legal, arbitration or administrative proceedings which would involve the parent Company or its subsidiaries as parties were initiated in the reporting period. Regarding other pending legal proceedings, no significant changes occurred in relation to the status presented in the annual financial statement for 2018.

Shareholder structure

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

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

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

2 As disclosed in Current Report no. 15/2017 of 13 July 2017

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

(all figures quoted in PLN thousands unless indicated otherwise)

Changes in shareholder structure of the parent entity

No changes regarding shareholders who control over 5% of the total number of votes at the General Meeting occurred during the reporting period.

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

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

Name	Position	As of 01.01.2019	As of 31.03.2019	As of 23.05.2019
Adam Kiciński	President of the Board	3 322 481	3 322 481	3 322 481
Marcin Iwiński	Vice President of the Board	12 150 000	12 150 000	12 150 000
Piotr Nielubowicz	Vice President of the Board	6 135 197	6 135 197	6 135 197
Adam Badowski	Board Member	150 000	150 000	150 000
Michał Nowakowski	Board Member	37 650	37 650	37 650
Piotr Karwowski	Board Member	8 000	8 000	8 000
Oleg Klapovskiy	Board Member	1 042	1 042	1 042
Katarzyna Szwarc	Chairwoman of the Supervisory Board	10	10	10
Maciej Nielubowicz	Supervisory Board Member	51	51	51

Validation of published projections

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

(all figures quoted in PLN thousands unless indicated otherwise)

CD PROJEKT

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

6

Condensed interim separate profit and loss account

	Nota	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018
Sales revenues		**49 149**	**51 284**
Revenues from sales of products		48 126	49 755
Revenues from sales of services		459	475
Revenues from sales of goods and materials		564	1 054
Cost of products, goods and materials sold		**6 162**	**1 293**
Cost of products and services sold		5 612	393
Value of goods and materials sold		550	900
Gross profit (loss) from sales		**42 987**	**49 991**
Selling costs		14 273	15 117
General and administrative costs		6 629	6 776
Other operating revenues		709	547
Other operating expenses		515	515
(Impairment losses)/reversal of impairment of financial instruments		1	169
Operating profit (loss)		**22 280**	**28 299**
Financial revenues		2 349	1 633
Financial expenses		227	11
Profit (loss) before tax		**24 402**	**29 921**
Income tax	A	5 058	6 199
Net profit (loss)		**19 344**	**23 722**
Net earnings per share (in PLN)			
Basic for the reporting period		0.20	0.25
Diluted for the reporting period		0.19	0.24

(all figures quoted in PLN thousands unless indicated otherwise)

Condensed interim separate statement of comprehensive income

	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018
Net profit (loss)	**19 344**	**23 722**
Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria	-	-
Other comprehensive income which will not be entered as profit (loss)	-	-
Total comprehensive income	**19 344**	**23 722**

Condensed interim separate statement of financial position

	Note	31.03.2019	31.12.2018	31.03.2018
FIXED ASSETS		**404 310**	**369 328**	**273 540**
Tangible assets		27 050	16 507	15 863
Intangibles		99 608	99 848	85 059
Expenditures on development projects		239 948	218 795	155 578
Investment properties		9 555	9 553	-
Perpetual usufruct of land		3 478	3 478	-
Investments in subsidiaries	F	21 749	20 279	16 247
Other financial assets		195	298	-
Deferred income tax assets	A	2 157	-	292
Other long-term receivables	F	570	570	501
WORKING ASSETS		**669 364**	**676 398**	**661 032**
Inventories		245	258	272
Fixed assets held for sale		49	49	-
Trade receivables	E,F	21 486	31 397	18 848
Current income tax receivables		117	1 396	1 224
Other receivables	E	48 579	45 474	22 425
Other financial assets		432	421	327
Prepaid expenses		1 743	1 262	2 096
Cash and cash equivalents	F	129 930	41 149	37 923
Bank deposits (maturity beyond 3 months)	F	466 783	554 992	577 917
TOTAL ASSETS		**1 073 674**	**1 045 726**	**934 572**

(all figures quoted in PLN thousands unless indicated otherwise)

	Note	31.03.2019	31.12.2018	31.03.2018
EQUITY		**993 810**	**971 515**	**878 356**
Share capital	21*	96 120	96 120	96 120
Supplementary capital		739 799	739 799	539 294
Other reserve capital		29 096	26 145	18 166
Retained earnings		109 451	-	201 054
Net profit (loss) for the reporting period		19 344	109 451	23 722
LONG-TERM LIABILITIES		**11 962**	**6 853**	**2 850**
Other financial liabilities	F	4 845	163	-
Deferred income tax provisions	A	-	204	-
Deferred revenues		6 933	6 302	2 772
Provisions for employee benefits and similar liabilities		184	184	78
SHORT-TERM LIABILITIES		**67 902**	**67 358**	**53 366**
Other financial liabilities	F	5 028	246	233
Trade liabilities	F	11 626	10 429	6 058
Other liabilities		27 337	34 960	1 104
Deferred revenues		183	187	587
Provisions for employee benefits and similar liabilities		2	2	1
Other provisions		23 726	21 534	45 383
TOTAL EQUITY AND LIABILITIES		**1 073 674**	**1 045 726**	**934 572**

** Detailed information concerning changes in this line item can be found in explanatory notes appended to the condensed interim consolidated financial statement.*

(all figures quoted in PLN thousands unless indicated otherwise)

Condensed interim statement of changes in separate equity

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

	Share capital	Supplementary capital	Own shares	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
01.01.2018 – 31.12.2018							
Equity as of 01.01.2018	**96 120**	**539 294**	**-**	**15 212**	**201 054**	**-**	**851 680**
Cost of incentive program	-	-	-	10 384		-	10 384
Creation of reserve capital to finance purchase of own shares	-	(3 600)	-	3 600	-	-	-
Purchase of own shares	-	-	3 051	(3 051)	-	-	-
Transfer of own shares as partial payment for purchase of an enterprise	-	3 051	(3 051)	-	-	-	-
Allocation of net profit/coverage of losses	-	201 054	-	-	(201 054)	-	-
Total comprehensive income	-	-	-	-	-	109 451	109 451
Equity as of 31.12.2018	**96 120**	**739 799**	**-**	**26 145**	**-**	**109 451**	**971 515**

(all figures quoted in PLN thousands unless indicated otherwise)

	Share capital	Supplementary capital	Own shares	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
01.01.2018 – 31.03.2018							
Equity as of 01.01.2018	**96 120**	**539 294**	**-**	**15 212**	**201 054**	**-**	**851 680**
Cost of incentive program	-	-	-	2 954	-	-	2 954
Total comprehensive income	-	-	-	-	-	23 722	23 722
Equity as of 31.03.2018	**96 120**	**539 294**	**-**	**18 166**	**201 054**	**23 722**	**878 356**

(all figures quoted in PLN thousands unless indicated otherwise)

Condensed interim statement of changes in separate cash flows

	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018*
OPERATING ACTIVITIES		
Net profit (loss)	**19 344**	**23 722**
Total adjustments:	**(1 260)**	**19 017**
Depreciation of fixed assets, intangibles and development projects	1 185	581
Depreciation of development projects recognized as cost of products and services sold	5 244	-
Profit (loss) from exchange rate differences	(13)	(13)
Interest and profit sharing (dividends)	(2 221)	(1 545)
Profit (loss) from investment activities	(139)	(29)
Change in provisions	956	2 678
Change in inventories	13	51
Change in receivables	(10 969)	18 725
Change in liabilities excluding credits and loans	1 836	(3 887)
Change in other assets and liabilities	146	(374)
Other adjustments	2 702	2 830
Cash flows from operating activities	**18 084**	**42 739**
Income tax on profit (loss) before taxation	5 058	6 199
Income tax (paid)/reimbursed	(6 155)	(12 944)
Net cash flows from operating activities	**16 987**	**35 994**
INVESTMENT ACTIVITIES		
Inflows	**276 474**	**183 416**
Development expenditures reimbursed under the consortium agreement	16 122	-
Reimbursement of advance payment for investment properties and perpetual usufruct of land	1 667	-
Repayment of long-term loans granted	105	-
Closing bank deposits (maturity beyond 3 months)	256 231	181 871
Other inflows from investment activities	2 349	1 545
Outflows	**203 339**	**200 012**
Purchases of intangibles and fixed assets	2 064	2 595
Expenditures on development projects	23 136	17 431
Purchase of investment properties and perpetual usufruct of land	9 017	-
Capital contributions to subsidiary	1 100	-
Advance payment for investment properties and perpetual usufruct of land	-	727
Opening bank deposits (maturity beyond 3 months)	168 022	179 259
Net cash flows from investment activities	**73 135**	**(16 596)**

(all figures quoted in PLN thousands unless indicated otherwise)

FINANCIAL ACTIVITIES

Inflows	**144**	**130**
Credits and loans	-	130
Collection of receivables under financial lease agreements	134	-
Interest payments	10	-
Outflows	**1 485**	**104**
Payment of liabilities under lease agreements	1 347	104
Interest payments	138	-
Net cash flows from financial activities	**(1 341)**	**26**
Total net cash flows	**88 781**	**19 424**
Change in cash and cash equivalents on balance sheet	**88 781**	**19 424**
Cash and cash equivalents at beginning of period	**41 149**	**18 499**
Cash and cash equivalents at end of period	**123 930**	**37 923**

** adjusted data*

Clarifications regarding the separate statement of cash flows

	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018
The “other adjustments” line item comprises:	**2 702**	**2 830**
Cost of incentive program	2 581	2 729
Depreciation aggregated with cost of sales and consortium settlements	121	101

(all figures quoted in PLN thousands unless indicated otherwise)

Assumption of 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 2018, 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 2018.

Changes in accounting policies

Changes in accounting practices applicable to the Company are in all matters analogous to those described in the section titled "Assumption of comparability of financial statements and changes in accounting policies" of the consolidated financial statement for the period between 1 January and 31 March 2019.

The application of IFRS 16 affects the following line items in the separate financial statement for the period between 1 January and 31 March 2019:

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

(all figures quoted in PLN thousands unless indicated otherwise)

Presentation changes

This condensed interim separate financial statement for the period between 1 January and 31 March 2019 includes certain adjustments in the presentation of financial data, introduced in order to maintain comparability of financial statements. The following presentation changes have been introduced with regard to financial data for the reference period between 1 January and 31 March 2018:

- In the separate statement of cash flows for the period between 1 January and 31 March 2018 the presentation of advance payments for investment properties was adjusted as follows:
  - Advance payments for investment properties and perpetual usufruct of land – adjusted by 727 thousand PLN
  - Changes in receivables – adjusted by 727 thousand PLN.
- In the separate statement of cash flows for the period between 1 January and 31 March 2018 the presentation of provisions for compensations capitalized upon expenditures on development projects was adjusted as follows:
  - Change in provisions – adjusted by (1 667) thousand PLN
  - Expenditures on development projects – adjusted by (1 667) thousand PLN.

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

Changes in allowances and provisions in the condensed interim separate financial statement of CD PROJEKT S.A. for the period between 1 January and 31 March 2019 are as follows:

- 1 thousand PLN – dissolution of impairment allowances due to collection of receivables,
- 3 569 thousand PLN – creation of provisions for compensation dependent on financial result,
- 151 thousand PLN – reduction in provisions for compensation dependent on financial result due to partial use,
- 239 thousand PLN – creation of other provisions,
- 1 433 thousand PLN – reduction in other provisions due to partial use,
- 32 thousand PLN – dissolution of other provisions.

A. Deferred income tax

Negative temporary differences requiring recognition of deferred tax assets

	31.12.2018	increases	reductions	31.03.2019
Provisions for other employee benefits	211	8	5	214
Provisions for compensation dependent on financial result	13 411	2 470	151	15 730
Negative exchange rate differences	9	125	14	120
Other provisions	1 128	162	1 052	238
R&D tax relief	43 745	-	-	43 745
Total negative temporary differences	**58 504**	**2 765**	**1 222**	**60 047**
Tax rate (Poland)	19%	19%	19%	19%
Total deferred tax assets	**11 116**	**525**	**232**	**11 409**

Positive temporary differences requiring creation of deferred tax provisions

	31.12.2018*	increases	reductions	31.03.2019
Difference between net carrying amount and net tax value of fixed assets and intangibles	22 752	401	306	22 847
Revenues obtained in the current period but invoiced in future periods	29 545	15 385	24 741	20 189
Positive exchange rate differences	60	66	61	65
Difference between balance sheet value and tax value of R&D expenditures	6 735	-	1 564	5 171
Other sources	489	16	81	424
Total positive temporary differences	**59 581**	**15 868**	**26 753**	**48 696**
Tax rate (Poland)	19%	19%	19%	19%
Total deferred tax provisions	**11 320**	**3 015**	**5 083**	**9 252**

** adjusted data*

Balance of deferred tax assets/provisions

	31.03.2019	31.12.2018	31.03.2018
Deferred tax assets	11 409	11 116	8 386
Deferred tax provisions	9 252	11 320	8 094
Net deferred tax assets (provisions)	**2 157**	**(204)**	**292**

Income tax reported in profit and loss account

	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018
Current income tax	7 419	9 562
Change in deferred income tax	(2 361)	(3 363)
Income tax reported in profit and loss account	**5 058**	**6 199**

(all figures quoted in PLN thousands unless indicated otherwise)

B. Goodwill

Goodwill acquired in business combinations and purchase of enterprises

	31.03.2019	31.12.2018	31.03.2018
CD Projekt Red sp. z o.o.	39 147	39 147	39 147
Strange New Things (enterprise)	10 021	10 021	-
Total	**49 168**	**49 168**	**39 147**

Changes in goodwill

No changes in goodwill occurred between 1 January and 31 March 2019.

C. Business combinations

The Company did not merge with any other entity between 1 January and 31 March 2019.

D. Dividends declared or paid out and collected

The Company did not pay out or collect any dividends between 1 January and 31 March 2019.

E. Trade and other receivables

Changes in receivables

	31.03.2019	31.12.2018	31.03.2018
Trade and other receivables	**70 065**	**76 871**	**41 273**
from affiliates	12 210	29 288	7 167
from external entities	57 855	47 583	34 106
Impairment allowances	**911**	**912**	**2 899**
Gross trade and other receivables	**70 976**	**77 783**	**44 172**

Changes in impairment allowances on receivables

	Trade receivables	Other receivables
OTHER ENTITIES		
Impairment allowances as of 01.01.2019	**180**	**732**
Increases	**-**	**-**
Reductions, including:	**1**	**-**
dissolution of allowances due to collection of receivables	1	-
Impairment allowances as of 31.03.2019	**179**	**-**

(all figures quoted in PLN thousands unless indicated otherwise)

Current and past-due trade receivables as of 31.03.2019

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
AFFILIATES							
gross receivables	874	874	-	-	-	-	-
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	**847**	**874**	**-**	**-**	**-**	**-**	**-**
OTHER ENTITIES							
gross receivables	20 791	20 426	173	8	5	-	179
non-fulfillment ratio		0%	0%	0%	0%	0%	4%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	179	-	-	-	-	-	179
total expected credit loss	179	-	-	-	-	-	179
Net receivables	**20 612**	**20 426**	**173**	**8**	**5**	**-**	**179**
Total							
gross receivables	21 665	21 300	173	8	5	-	179
impairment allowances	179	-	-	-	-	-	179
Net receivables	**21 486**	**21 300**	**173**	**8**	**5**	**-**	**-**

(all figures quoted in PLN thousands unless indicated otherwise)

Other receivables

	31.03.2019	31.12.2018	31.03.2018
Other receivables, including:	**48 579**	**45 474**	**22 425**
tax returns except corporate income tax	14 880	14 272	12 703
advance payments for supplies	22 198	1 047	1 460
consortium settlements	11 333	28 308	6 454
deposits	135	160	52
employee settlements	30	16	82
advance payment for investment properties	-	1 667	1 667
others	3	4	7
Impairment allowances	**732**	**732**	**732**
Other gross receivables	**49 311**	**46 206**	**23 157**

F. Disclosure of financial instruments

Fair value of financial instruments per class

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

Financial assets – classification and appraisal

	31.03.2019	31.12.2018	31.03.2018*
Financial assets held at amortized cost	**618 769**	**628 108**	**635 189**
Other long-term receivables	570	570	501
Trade receivables	21 486	31 397	18 848
Cash and cash equivalents	129 930	41 149	37 923
Bank deposits (maturity beyond 3 months)	466 783	554 992	577 917
Capital market instruments held at purchase price	**21 749**	**20 279**	**16 247**
Investments in subsidiaries	21 749	20 279	16 247
Total financial assets	**640 518**	**648 387**	**651 436**

** adjusted data*

Financial liabilities – classification and appraisal

	31.03.2019	31.12.2018	31.03.2018
Financial liabilities held at amortized cost	**21 499**	**10 838**	**6 291**
Trade liabilities	11 626	10 429	6 058
Other financial liabilities	9 873	409	233

(all figures quoted in PLN thousands unless indicated otherwise)

G. Transactions with affiliates

	Sales to affiliates		Purchases from affiliates	
	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018
SUBSIDIARIES				
GOG sp. z o.o.	2 246	1 909	18	31
CD PROJEKT Inc.	-	7	1 033	1 280
CD PROJEKT Co., Ltd.	-	29	762	605
Spokko sp. z o.o.	65	-	-	-
CD PROJEKT RED STORE sp. z o.o.	54	-	-	-
COMPANY BOARD MEMBERS				
Marcin Iwiński	2	2	-	-
Adam Kiciński	4	1	-	-
Piotr Nielubowicz	1	1	-	-
Michał Nowakowski	2	2	-	-
Adam Badowski	1	-	-	-

(all figures quoted in PLN thousands unless indicated otherwise)

	Receivables from affiliates			Liabilities due to affiliates		
	31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.12.2018	31.03.2018
SUBSIDIARIES						
GOG sp. z o.o.	12 720	29 257	7 081	8	48	-
CD PROJEKT Inc.	627	719	327	317	482	348
CD PROJEKT Co., Ltd.	-	-	55	264	603	287
Spokko sp. z o.o.	21	28	-	-	-	-
CD PROJEKT RED STORE sp. z o.o.	39	-	-	-	-	-
COMPANY BOARD MEMBERS						
Marcin Iwiński	-	-	23	-	2	19
Adam Kiciński	3	-	1	1	28	1
Michał Nowakowski	-	3	4	-	-	-
Adam Badowski	-	-	3	-	-	-

(all figures quoted in PLN thousands unless indicated otherwise)

Statement of the Management Board of the parent entity

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

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

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

Approval of the financial statement

This financial statement covering the period between 1 January and 31 March 2019 was signed and approved for publication by the Management Board of CD PROJEKT S.A. on 23 May 2019.

Warsaw, 23 May 2019

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

(all figures quoted in PLN thousands unless indicated otherwise)

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