

Current report no. 3/2020

Subject: Disclosure of receipt of an individual interpretation of tax law regarding corporate income tax

Legal basis: Art. 17 of MAR – Inside information

The Management Board of CD PROJEKT S.A. with a registered office in Warsaw, Jagiellońska 74 (hereinafter referred to as “the Company”) hereby announces that on 24 January 2020 it received an individual interpretation of tax law regarding corporate income tax and related to the question whether a video game constitutes eligible intellectual property entitling the Company to apply preferential taxation rules (hereinafter referred to as “IP BOX preference”).

In the interpretation the Director of the National Revenue Administration Information Center fully concurs with the Company’s position, expressed in its filing, that video games developed by the Company may, for the purposes of the IP BOX preference, be regarded as eligible intellectual property consistent with the definition of computer software under the corporate income tax law. As a result of the above, eligible revenues obtained by the Company from commercializing copyright to its video games may, as a rule, be subject to preferential taxation with an income tax rate of 5% (subject to any additional restrictions and exclusions expressed in the relevant legislation).

The receipt of the above interpretation, considered of key importance for the Company’s ability to apply the IP BOX preference and for its potential tax liabilities related to the foregoing, will directly affect the earnings of the Company and of the CD PROJEKT Capital Group. The detailed scope and methodology of applying the IP BOX preference depend on the outcome of further inquiries filed by the Company with the National Revenue Administration Information Center and currently pending. Due to the fact that all such inquiries are secondary to the above interpretation, their outcome should not affect the validity of information contained in this report.

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