

Current report no. 45/2021

Subject: Disclosure of inside information concerning initiation of negotiations and conclusion of a Settlement Term Sheet

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 publicly discloses inside information which arose on 7 December 2021 and was subjected to delayed disclosure under Art. 17 section 4 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (hereinafter referred to as “**MAR**”), to wit:

“In the framework of negotiations concerning a potential settlement agreement in a case pending before the US District Court for the Central District of California (hereinafter referred to as “**the Court**”), a proposal regarding key terms, which - if agreed upon - would provide the basis for a prospective written settlement agreement was officially formulated on 7 December 2021. According to these terms, members of the class (including the plaintiffs) would relinquish all claims against the Company and members of its Management Board. Furthermore, under the agreement, a settlement in the amount of 1 850 000 (one million eight hundred and fifty thousand) USD would be paid out to the class by the Company and its insurer - Colonnade Insurance S.A.”

In relation to the above information, the Management Board of the Company wishes to inform that following the conclusion of negotiations on 15 December 2021 (of which the Company received notice on 16 December 2021) the sides signed a binding Settlement Term Sheet (hereinafter referred to as “**the Term Sheet**”) specifying key provisions of the settlement agreement. The Term Sheet stipulates that the settlement shall cover all parties to the case (including members of the class).

According to the Term Sheet, members of the class (including the plaintiffs) shall relinquish any and all claims against the Company and members of its Management Board. In return, a settlement in the amount of 1 850 000 (one million eight hundred and fifty thousand) USD shall be paid out to the class by the Company and its insurer.

As expressly stated in the Term Sheet, execution of the Term Sheet does not imply admission of any responsibility on the part of the Company or any of the other defendants named in the case.

The Company wishes to announce that its decision to enter into this settlement agreement was motivated by (i) the duration and costs related to further legal proceedings in the U.S., which might arise irrespective of the Court’s findings; (ii) acceptance of the key provisions of the settlement agreement by the Company’s insurer; (iii) opinion expressed by the U.S. law firm representing the Company and the other defendants named in the case recommending acceptance of the agreement; (iv) the general practice in the U.S. of concluding such litigation by way of an out-of-court settlement.

As a follow-up to the Term Sheet, the Company, the other defendants named in the case, and the plaintiffs shall draw up a document which formalizes the settlement agreement. Subsequently, but not later than on 13 January 2022, the plaintiffs shall petition the Court for preliminary approval of the settlement (which will not be opposed by the Company or the other defendants named in the case). It is expected that further steps will involve (i) the Court’s preliminary ruling on whether to approve the settlement agreement; (ii) notifying members of the class; (iii) the Court’s final ruling on whether to approve the settlement agreement.

According to information received by the company, the above procedure is expected to conclude in several months.

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.