

CD PROJEKT dynamically expands its digital distribution segment and successfully ramps up promotion of the third game in The Witcher series

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- In the first half of 2013 the CD PROJEKT Capital Group obtained 63.1 million PLN in revenues and 7.7 million PLN in net profit while generating 6.3 million PLN in positive cash flows from operating activities.
- Despite ongoing work on two largest releases in its history the Company holds 26.5 million PLN in cash assets, while its outstanding debt under credit agreements is minimal. During the first half of the year the Company's total debt decreased by 4.4 million PLN, reaching 0.3 million PLN.
- In the absence of new releases, these positive financial results were made possible by twofold growth in the digital distribution segment (represented by GOG.com) and continued sales of The Witcher and The Witcher 2.

The CD PROJEKT Group, which is listed on the Warsaw Stock Exchange, wrapped up a successful six-month period, obtaining 63.06 million PLN in revenues, with an EBITDA of 8.51 million PLN and 7.71 million PLN in net profit. The major factors underpinning this favorable result included continuing sales of The Witcher and The Witcher 2: Assassins of Kings, in addition to dynamic growth in the digital distribution segment represented by GOG.com.

As of 30 June the Company held cash and cash equivalents valued at 26.51 million PLN, in addition to other financial assets (highly liquid investment fund shares) valued at 817 thousand PLN. The Company's total debt was only 309 thousand PLN. Net cash flows from operating activities increased from 4.40 million PLN last year to 6.29 million PLN. Expenses associated with development of videogames (aggregated with operating activities) were reported at 9.05 million PLN.

In line with its business strategy, the Company continued parallel development work on two key releases – The Witcher 3 and Cyberpunk 2077. Early presentations of the next instalment in The Witcher series, conducted for business partners and media representatives, were enthusiastically received. In June the game garnered 58 awards at the key E3 trade fair. This record number of accolades – obtained many months before the game's actual release – bodes well for future sales.

“Six months into 2013 CD PROJEKT is in decidedly good shape, financially. The presented results are testament to the stability of our business and our ability to generate positive cash flows even while investment expenses are high.” – says Adam Kiciński, President of the Board of CD PROJEKT.

THIRD GAME IN THE WITCHER SERIES TO APPEAR NEXT YEAR

In February the CD Projekt RED Studio, which is part of the Company, announced that the third game presenting the adventures of Geralt the Witcher would be titled The Witcher 3: Wild Hunt and would appear in 2014. This announcement kicked off the marketing campaign which will be of crucial importance for the game's commercial success.

“We started on a high note – Wild Hunt was officially announced by Game Informer, the largest and most influential videogame periodical in the world, reaching 34 million gamers. Geralt was featured on

the magazine's cover with the attached fourteen-page cover story characterizing the game as a 'must-see next-generation RPG.' – remarked Adam Kiciński. Since this initial announcement The Witcher 3 appeared on a range of magazine covers and was showcased at key trade fairs, including E3 in Los Angeles where it quickly emerged as one of the "hottest" upcoming releases. Altogether, The Witcher 3 received 58 awards presented by gamers and representatives of 48 international gaming media outlets attending the E3 fair, including such influential media as IGN, GameStop, Official Xbox Magazine and PC Gamer. The game was recognized (among others) as Best Game, Most Anticipated Game and Best RPG of the fair. It also picked up the fair's Popular Choice award.

"This enormous interest validates our assessment that the market potential of The Witcher 3: Wild Hunt will far outstrip that of its predecessors – especially given the fact that the game will be simultaneously released for the PC, for PlayStation 4 and for Xbox One." – underscores the President of the Board. His opinion is further corroborated by the popularity of the game's video trailer published online on 14 August. The trailer attracted a far greater number of viewers than materials promoting earlier games in The Witcher series over the same period.

The first two parts of The Witcher continue to sell well and have contributed to the videogame development segment's half-year revenues of 10.67 million PLN. Altogether, the segment reported 2.18 million PLN in net profit – despite ongoing work on two triple-A releases.

DYNAMIC GROWTH OF GOG.COM

In the first half of the year the Group's results were chiefly affected by the global digital videogame distribution segment which is served by CD PROJEKT's proprietary distribution platform at gog.com. GOG revenues nearly doubled, reaching 30.77 million PLN, while net profits increased by 105%, to 6.35 million PLN.

„GOG.com maintains its high rate of growth and is seen as a rising star on the global digital videogame distribution market. We want to maintain these dynamics.” – says Adam Kiciński.

Currently, five years after its creation, GOG.com carries 600 videogames and cooperates with approximately 170 suppliers. In May the prestigious Time magazine named it one of the world's top 50 online sites. In justifying this decision the editors underscored GOG.com's support for alternative games and its repudiation of DRM measures which are universally hated by gamers as they often hinder the use of legally acquired software. Another advantage of GOG.com is its pricing policy – the service does not make a distinction for its customers' country of residence and offers the same global price for each of its games.

The goal of GOG is to maintain its high rate of growth and cements its second place on the list of the world's most popular independent digital videogame distribution platform. Additionally, GOG is currently undertaking two large-scale R&D projects which may substantially affect its future growth dynamics.

CDP.PL EXPANDS ITS DOMESTIC DIGITAL DISTRIBUTION PLATFORM

Digital distribution activities are also pursued by CDP.pl. Last October the company launched an online distribution platform at cdp.pl. During the first half of 2013 the platform was expanded with e-books e-comics. Beta tests of video streaming features are currently underway.

In the second quarter CDP.pl signed a digital distribution agreement with Electronic Arts, one of the leaders of the global digital entertainment market. As a result, the cdp.pl platform began offering such hit releases as The Sims, FIFA, Battlefield and Mass Effect. Another important distribution agreement – this time with the Swedish developer Paradox Interactive (famous for its Europa Universalis strategy games) – followed in June.

CDP.pl also carries out publishing and distribution of DVD and Blu-ray motion picture releases, as well as card and board games. In the first half of the year the Company reported 21.85 million PLN in revenues and a net loss of 1.08 million PLN.