

## **CD PROJEKT wraps up 2013 and announces a new project**

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Highly positive cash flows enable the Company to finance development of The Witcher 3: Wild Hunt and Cyberpunk 2077, ensuring that both games meet stringent QA criteria.

Gamers have purchased over 7 million copies of Witcher games.

CD Projekt RED, together with an external partner, is working on a multiplatform mobile game project set to appear in 2014.

GOG.com is dynamically growing and finalizing work on one of its flagship R&D projects.

In 2013 the CD PROJEKT Group reported 14.9 million PLN in net profit and 142.2 million PLN in revenues.

While carrying out development of new videogames on an unprecedented scale the Group easily achieved profits in all of its activity segments, and generated cash. Positive cash flows from operating activities were reported at 22.1 million PLN. As a result, by the end of 2013 CD PROJEKT had repaid 4.74 million PLN in outstanding credits and loans, and – as of 31 December 2013 – held cash and cash equivalents valued at 39.68 million PLN, in addition to 805 thousand PLN in other liquid financial assets.

“Last year we proved that we remain profitable even in the absence of a major release. As a result, we can continue with our work on The Witcher 3 and Cyberpunk 2077, as well as on several smaller projects with practically no need for external financing.” – says Adam Kiciński, President of the Board.

In March the Company announced that The Witcher 3 release would be postponed until February 2014.

“We are certain that the quality of The Witcher 3 will have a very direct impact on its commercial and marketing potential. We intend to use these extra four months to ensure that the game meets stringent QA standards and to perform intensive testing so that our gamers receive a full-featured product.

I can also announce that we are far into the development cycle of another, yet unannounced project. We are entering uncharted ground both in terms of gameplay features and the underlying business model.” – says Adam Kiciński

The new project is a multiplatform online game which exploits the advanced features of tablet devices and smartphones. Development work, carried out in collaboration with an external partner, has been going on for more than a year, reaching an advanced stage. The new game is scheduled for commercial release later this year.

### **SEVEN MILLION WITCHERS SOLD**

Both parts of The Witcher series continue to sell well, with over 7 million copies sold worldwide. The growing player base – people who are already familiar with previous instalments in The Witcher saga – bodes well for CD PROJEKT’s plans regarding The Witcher 3. The upcoming release is already among the

world's most anticipated videogames, as evidenced by numerous awards and accolades, including popular choice awards. The Witcher 3: Wild Hunt will debut in February 2014, simultaneously for the PC, Xbox One and PlayStation 4.

In 2013 CD PROJEKT signed distribution agreements concerning The Witcher 3 covering all key markets. Warner Bros. Interactive Entertainment will handle the game's marketing and distribution in North America, while Namco Bandai will cover Western Europe and also (under a separate agreement) Australia and New Zealand. In the Czech Republic and Hungary, the game will be marketed and distributed by Cenega. Spike Chunsoft will be the Japanese distributor. Domestic distribution will be handled by CDP.pl in cooperation with Agora. Further distribution agreements covering additional territories are currently being finalized. It should be noted that CD PROJEKT retains all global digital distribution rights.

The Witcher 3 marketing activities are bolstered by the brand's presence in numerous tie-in products which generate additional revenues for the Company – including The Witcher Adventure Game (board game debuting in the third quarter of the year, together with a digital edition for tablet devices) and a series of comic books, the first issue of which will be released on 19 March. In both cases CD Projekt RED is cooperating with global leaders in the respective fields – Fantasy Flight Games and Dark Horse Comics respectively.

Owing to continuing market appeal of The Witcher the CD PROJEKT Group was able to report 23.6 million PLN in revenues and 5.1 million PLN in net profit in its videogame development segment.

#### GOG.COM ENLISTS INDEPENDENT PRODUCERS AND CEMENTS ITS MARKET POSITION

In 2013 the GOG.com platform, which is owned by the Group, further strengthened its status as the world's second largest independent distributor of digital videogames (after Steam), both in terms of sales and the platform's ability to attract new customers. The unique, gamer-friendly business philosophy embodied by GOG.com (including total repudiation of cumbersome DRM measures) was recognized by the Time magazine, which named GOG.com one of the world's top 50 online sites in 2013.

In August GOG.com announced a special support initiative for independent game developers. Every creator may register their game at [www.gog.com/indie](http://www.gog.com/indie) and receive feedback within two weeks. If approved, the developer is offered financial and marketing support. The program has proven highly successful, with approximately 700 games submitted thus far and several finished products already in commercial distribution.

Throughout 2013 GOG carried out work on two heretofore unannounced R&D projects, the first of which will be unveiled at the June E3 fair in Los Angeles. The project should enable GOG to attract new customers and expand its catalogue with brand-new videogame releases, which GOG.com would not otherwise be able to support.

Overall, sales to external customers in the global digital videogame distribution segment (which represents the area of operations of GOG.com) amounted to 57.6 million PLN – a year-over-year growth of approximately 37%. These activities are also highly profitable, as evidenced by the reported 9.52

million PLN in net profit, coupled with positive cash flows which have enabled the Company to once again pay out a dividend to CD PROJEKT S.A.