

A transcript from investor chat that was held on 22 March 2018 on www.strefainwestorow.pl

Janusz Maruszewski: We warmly welcome you to the chat session with the Board of CD PROJEKT: President Adam Kiciński and Vice President and CFO Piotr Nielubowicz. Over the next hour Company representatives will take your questions.

We also wish to direct your attention to the Company results for 2017, summarized in our investors' presentation at <https://www.cdprojekt.com/en/wp-content/uploads-en/2018/03/cd-projekt-group-results-in-2017.pdf>

Maciej Dzwonnik: Has the company received takeover or merger offers from other global development studios, and how does the company view such offers?

Adam Kiciński: Greetings! We are independent and wish to remain so.

Guest: Is The Witcher 3 the most profitable product of CD PROJEKT in terms of margins and revenues? Are there plans to release more expansion packs for The Witcher? Does CD PROJEKT intend to publish videogames based on other literary works?

Piotr Nielubowicz: With regard to finances, The Witcher 3 is the largest product in our history. No further expansion packs are planned. Our next RPG will be set in the world of Cyberpunk.

sp: Have you already started work on your next AAA RPG? If so, how many people are working on it?

Adam Kiciński: We know exactly what the game will be about, but we are not releasing any details as of yet.

Thomas27: Greetings. When will we see more screenshots and trailers of Cyberpunk? What's the release date? When will you start working on the next Witcher game? When is the first dividend coming? When will the frequency of major RPG releases published by CD PROJEKT increase?

Piotr Nielubowicz: As soon as the campaign kicks off, we will follow up with intensive communications.

Kamil P.: Greetings Mr. Adam. I would like to refer to the now-famous tweet on Cyberpunk. Was this a conscious decision on the part of the Board, or did it come out of your PR department? Did you anticipate such a strong reaction from investors?

Adam Kiciński: It was a conscious decision :)

Voy-Tech: Hello. Is CD PROJEKT interested in publishing games by independent developers?

Adam Kiciński: We focus on our own games.

Stasia: Will there be a dividend?

Piotr Nielubowicz: The Board has not yet issued a recommendation concerning allocation of 2017 profit. When we do, it will be presented in a current report.

Sławomir1234567890: Will GOG.com add excellent Polish games such as Call of Juarez, Chrome, Xpand Rally?

Adam Kiciński: We want to bring as many good games to GOG as possible.

Sławomir1234567890: Does CD PROJEKT provide input for the Netflix series?

Adam Kiciński: We are rooting for the series but do not participate in its development.

Sławomir1234567890: I wish to extend my greetings to all employees – from maintenance workers, through developers from all departments all the way to board members. I wish you further spectacular successes. :)

Adam Kiciński: Thank you. :)

Bernard: Is the company thinking of the American market??? Is it interested in US dividend funds??? Does it intend to pay out regular dividends – even starting small, but then regularly increasing the payout to establish a track record of annual dividends?

Adam Kiciński: We do not have a standing policy regarding dividends.

Darek: I hope the company will not be sold to a foreign investor following its entry into WIG20?

Adam Kiciński: We wish to remain independent. Our plans stretch many years into the future.

Sławomir1234567890: Are there miners in your basement digging out BitOrens or Nilfgaardian Florenium? ;)

Piotr Nielubowicz: We are currently focusing on mirror shards – the only currency accepted by the nefarious Gaunter O'Dimm...

Paweł Warpechowski: There's news that GWENT is coming to China. Will Japan be among the main markets for the game? Are there similarities between the history of Japanese warriors and that of GWENT heroes? Please tell us something about the history of GWENT.

Regards,

Paweł

Piotr Nielubowicz: Japan is already one of the main markets for GWENT. To learn more about the history of GWENT, please watch our 2016 PAX East discussion panel – you can find the recording at <https://www.twitch.tv/videos/62329810?t=05h10m09s>

iwestor: Can you tell what's happening to the well-known Optimus brand?

Piotr Nielubowicz: We sold the Optimus brand to IT AB S.A. several years ago – see www.optimus.pl

Arczi: Hello. Before I begin, I would like to remark that, as shareholders, we understand and respect the company's policy to avoid commenting on the emerging rumors.

Yet, there's no denying that such rumors may needlessly and groundlessly affect the value of your assets. This does not increase shareholder value; rather, it threatens individual investors. A simple rumor resulted in your stock price rapidly dropping from 126 to 89 PLN.

We do not expect detailed information regarding ongoing deployments/projects. No dates, descriptions, details. You have, however, published the "beep" tweet on your official Cyberpunk 2077 profile, raising hopes of fresh news associated with the upcoming game. Mr. Iwiński has said that the time for Cyberpunk had come, that he acknowledged the hopes riding on the project and that the company would deliver. That's all the information the company has released.

It therefore seems reasonable and not against the company's information policy to put an end to speculation and declare whether the current year will remain focused on GWENT (again), or whether we can expect further information regarding the most anticipated product of the studio, i.e. the aforementioned Cyberpunk 2077.

Our question relates in particular to the company's own tweet. All we're looking for is a straight answer – should we expect only GWENT information in the current year, or will you also release more details regarding Cyberpunk? That's all.

I won't even mention E3 and the emerging rumors regarding the presence of both the company and Cyberpunk at the fair – as the Internet is already rife with speculation.

Thanks,
Shareholder

Adam Kiciński: Our information policy is directed at videogame fans as well as investors. We consistently prioritize the Company's interest, particularly our financial results. These strongly depend on sales, which, in turn, depend – among others – on hype. Building hype sometimes requires us to keep silent in order to surprise our audience at the right moment.

Artur: What is the current development status of Cyberpunk? The newly acquired Wrocław team is to assist with its production. Does this mean that production is at an early stage? Are the teams based in Wrocław and Kraków working on independent parts of the game, to be integrated with its main storyline – as the head of the Kraków studio Mamais once remarked?

Adam Kiciński: Work is on schedule. All three teams work on specific elements of the game but that's all we can say about their tasks.

Radek:

Dear Sirs,

Quarterly data indicates that GWENT is not improving the results of the CD PROJEKT Group. We are faced with a persistent drop in profits compared to the previous year. Do you view this as a disappointment?

Piotr Nielubowicz: In 2017 GWENT contributed to our results both with regard to the increase in revenues, compared to last year, and to our net profit. The decrease in sales revenues is due to more time having elapsed since the release of W3 and its expansion packs. In line with information presented at today's conference, long-term sales of The Witcher 3 remain strong and we are very satisfied with this result.

Tarathelion: Hello,

I wish to congratulate you on your results and ask the following questions:

1. Can you say more about the commercial property you purchased? Its size, intended use (e.g. GOG), etc.?

Piotr Nielubowicz: We have not yet finalized the purchase. We are awaiting approval by the State Solicitor's Office. The property is directly adjacent to our current premises and we haven't yet drawn straws on which team is going to move there. ;) The floor area is approximately 2.5 thousand square meters.

Tarathelion: Can you explain the distribution of revenues from GWENT between GOG and CD PROJEKT (I'm talking about rules, not numbers)? How do you settle with foreign entities such as Sony or your Chinese partners? Is it a percentage from microtransaction revenues, or do you collect advance payments, fixed fees etc.?

Piotr Nielubowicz: CD PROJEKT RED and GOG apply the same ratio when dividing their revenues and expenses. With regard to sales carried out by online stores – e.g. by Sony, MS – we collect royalties

dependent on the revenues generated. In China we have a partnership in GAEA which is covered by a bespoke cooperation agreement.

maksMichniewicz: Can we expect GWENT: Thronebreaker to come out in the first half of the year?

Piotr Nielubowicz: We have not yet announced a release date, other than it is coming in 2018. Stay tuned!

Tarathelion: In light of your takeover of SNT and establishment of CD PROJEKT Wrocław I'd like to ask about your vision of development and cooperation between studios. Will you apply the Ubisoft model where many different teams around the world collaborate on a common project, or is this a provisional phase and you ultimately expect each studio to handle its own projects (assuming they reach sufficient size)? How do you intend to tackle the challenges associated with working on a single project at several locations?

Adam Kiciński: All of us are currently working on Cyberpunk 2077 (other than the GWENT team) but in the long run we want to provide each team with substantial autonomy. The Wrocław studio is also joining us as an experienced, integrated team – that's a major asset which we want to preserve.

Mateusz Mucharzewski: Is the company planning to invest in additional studios? I'm talking about acquisitions (such as in the case of Strange New Things) and formation of brand new teams. If so, do you seek opportunities to invest in Poland or abroad?

Adam Kiciński: We prefer to grow organically. The acquisition of SNT should be regarded as an exception, not as our preferred means of growth. Nonetheless, the Wrocław team shares our design philosophy, is highly experienced and meshes with our plans perfectly.

Mateusz Mucharzewski: What's the company vision regarding the three existing studios? Will they all function under the CD PROJEKT RED brand or will you ultimately provide them with a measure of independence and ability to pursue their own projects?

Piotr Nielubowicz: All the studios operate under the CD PROJEKT RED brand, to which we add place names – Warsaw, Kraków, and (starting soon) Wrocław. We are currently working together on Cyberpunk 2077, while the Warsaw studio is also working on GWENT. In formal terms we're a single company – CD PROJEKT S.A.

Tarathelion: Given your cash and asset balance, do you plan to offload CP 2077 marketing costs to your business partners, as in the case of W3, or will you bear these costs yourselves while maximizing your licensing royalties?

Adam Kiciński: Our share of CP77 marketing costs will definitely be greater than in the case of W3.

Cahir: How many people work at your Kraków branch, and how many are based in Warsaw?

Piotr Nielubowicz: The Kraków team consists of approximately 60 people. In Warsaw the CD PROJEKT Capital Group employs over 650 people. You can find more details on page 22 of our Board Report for 2017, available at <https://www.cdprojekt.com/en/wp-content/uploads-en/2018/03/management-board-report-on-the-cd-projekt-capital-group-activity-in-2017-2.pdf>

Uroboros: How did the rank-and-file employees of Strange New Things react to being taken over by CD PROJEKT?

Adam Kiciński: From what we know – very positively. The idea appealed to both sides.

Gość: Wouldn't you say that the GWENT beta is dragging on? The same goes for the single-player version. You need some product to drive your revenues; I don't think you can rely on The Witcher anymore. Investor confidence has been undermined; how do you intend to make money in 2018, if not from GWENT?

Piotr Nielubowicz: In line with our policy, GWENT will come out of beta when we decide that it's ready for prime time. In 2017 our main sources of revenues and profits were The Witcher 3, along with its expansion packs, and the aforementioned GWENT.

Uroboros: Are you considering activating the buyback program? Or have you shelved the idea?

Adam Kiciński: We want to initiate a "microbuyback" to facilitate our transaction with SNT (approximately 21 thousand shares), subject to General Meeting approval – of course. With regard to the buyback/redemption program which is already approved, no further decisions have been made.

Uroboros: Aren't you worried that members of the Strange New Things team may be disappointed by having to abandon their current project, in which they undoubtedly invested a lot of time and passion? That they may disagree with the decision which has been made for them (to focus on a different project), and that, consequently, they may seek other employment opportunities?

Adam Kiciński: Our shared goal is to work on truly exciting things.

Uroboros: Is there a danger that distributing development of Cyberpunk to three separate locations may dilute responsibility for the project, sacrificing vision and quality?

Adam Kiciński: Not in the slightest.

Uroboros: Is GOG planning to publish AAA games by other studios (other than CD PROJEKT RED) on their respective global release dates?

Piotr Nielubowicz: We continue to work hard to secure the best releases for the GOG lineup. In 2017 and in the first months of 2018 we added major releases such as Kingdom Come Deliverance, Hellblade, Divinity: Original Sin 2 and Elex.

Uroboros: How many people (following expansion of the team) will ultimately be employed in Wrocław?

Adam Kiciński: There's always room for talented professionals. We invite anyone who may be considering a career with us to contact the studio at wroclaw@cdprojektred.com.

Uroboros: Are there hopes of wrapping up your lawsuit against the State Treasury by the end of the current year?

Piotr Nielubowicz: We are currently waiting for the court-appointed expert to submit their opinion. Further decisions in this matter are up to the courts.

Michalski: Is the company monitoring market trends (success of Fortnite and PUBG on mobile devices) and considering similar moves?

Adam Kiciński: We are fully aware of all goings-on in the market.

Inwestor indywidualny: At your results conference you said that bringing The Witcher to Soulcalibur 6 was a marketing ploy and that you do not expect it to turn a profit. Did you incur a loss on this operation – i.e. having to participate in the project without being entitled to a share in Soulcalibur revenues? How will CDPR be compensated for "loaning" your characters to Bandai Namco?

Adam Kiciński: We have no share in Soulcalibur 6 profits – the guest appearance by Geralt was for marketing and image-building reasons, and that, of course, positively affects our bottom line.

Gość: You have taken over the Wrocław studio. How will this transaction be treated in your accounts? As a purchase of assets or as an acquisition of a subsidiary?

Piotr Nielubowicz: The transaction is recognized as a takeover of an enterprise. Fixed assets and intangibles taken over will be pooled with our own assets, while the surplus of purchase price over the net worth of assets will be aggregated with goodwill.

Mario: What is the percentage breakdown of 2017 development expenses between Cyberpunk and GWENT?

Piotr Nielubowicz: More R&D expenses were allocated to Cyberpunk 2077 than to GWENT.

Roman: Will you be present at Gamescom in August?

Piotr Nielubowicz: Yes, we are coming to Cologne in August.

Nottinghill: Why is the Chinese beta a closed beta, and not an open one? What administrative decisions/permits are required to commence retail sales of GWENT on the Chinese market?

Adam Kiciński: All necessary permits were secured a while ago. However, the Chinese market is peculiar and from the very beginning we assumed that this edition of the game would be on a different release schedule.

Maeday: Sir, did you notice any visual glitches in your slides while you were replying to a Cyberpunk-related question? :)

Adam Kiciński: No, I was not facing the screen.

Janusz Maruszewski: On behalf of the Board of CD PROJEKT – Mr. Adam Kiciński and Mr. Piotr Nielubowicz – I wish to thank everyone who participated in today’s chat session.

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