



# CD PROJEKT Group results in 1Q 2018

**ADAM KICIŃSKI**  
President, Joint CEO

**PIOTR NIELUBOWICZ**  
Member of the Board, CFO





# Financial results



# CD PROJEKT Group

## financial results

	2016 Q1	2017 Q1	2018 Q1
<b>Sales revenues</b>	<b>86 995</b>	<b>99 342</b>	<b>75 435</b>
Costs of products, goods and materials sold	17 014	14 823	16 133
<b>Gross profit from sales</b>	<b>69 981</b>	<b>84 519</b>	<b>59 302</b>
Operating costs	31 401	30 689	31 403
<b>EBIT</b>	<b>38 580</b>	<b>53 830</b>	<b>27 899</b>
Net financial revenues	1 598	3 005	1 258
Income tax	7 616	11 576	6 265
<b>Net profit</b>	<b>32 562</b>	<b>45 259</b>	<b>22 892</b>

No new releases this quarter - revenues based on strong sales of The Witcher 3 and increasing share of revenues generated by GWENT

COGS increased in proportion to sales revenues due to an overall increase in the portion of consolidated revenues attributable to GOG.com

Expenses holding steady despite expansion of workforce and intensification of videogame development activities

Setting the bar high - even though another year has passed since the release of W3 and its expansion packs, this quarter generated higher sales (both in terms of units sold and revenues) than the corresponding period in 2017



# CD PROJEKT RED

## financial results

	2016 Q1	2017 Q1	2018 Q1
<b>Sales revenues</b>	<b>68 652</b>	<b>75 521</b>	<b>51 917</b>
Costs of products, goods and materials sold	4 529	1 834	1 292
<b>Gross profit from sales</b>	<b>64 123</b>	<b>73 687</b>	<b>50 625</b>
Operating costs	25 939	21 863	22 211
<b>EBIT</b>	<b>38 184</b>	<b>51 824</b>	<b>28 414</b>
Net financial revenues	1 589	2 990	1 621
Income tax	7 473	11 114	6 284
<b>Net profit</b>	<b>32 300</b>	<b>43 700</b>	<b>23 751</b>

No new releases this quarter - revenues based on strong sales of The Witcher 3 and increasing share of revenues generated by GWENT

YoY operating costs holding steady; costs include GWENT promotional activities and e-sports events

Setting the bar high - even though another year has passed since the release of W3 and its expansion packs, this quarter generated higher sales (both in terms of units sold and revenues) than the corresponding period in 2017



# GOG.com

## financial results

	2016 Q1	2017 Q1	2018 Q1
<b>Sales revenues</b>	<b>20 114</b>	<b>32 871</b>	<b>25 780</b>
Costs of products, goods and materials sold	13 487	21 409	16 365
<b>Gross profit from sales</b>	<b>6 627</b>	<b>11 462</b>	<b>9 415</b>
Operating costs	6 231	9 456	9 930
<b>EBIT</b>	<b>396</b>	<b>2 006</b>	<b>-515</b>
Net financial revenues	9	15	-363
Income tax	143	462	-19
<b>Net profit</b>	<b>262</b>	<b>1 559</b>	<b>-859</b>

Reduction in revenues mainly due to:  
 1) internal change in apportioning of GWENT sales revenues following the merger between GOG Ltd. and GOG Poland sp. z o.o.;  
 2) significant weakening of USD against PLN over the past 12-month period

Minor YoY increase in costs despite reduced revenues - mostly related to promoting and maintaining GWENT

Includes 443 thousand PLN in surplus negative exchange rate differences

Setting the bar high - the first quarter of GWENT monetization



# CD PROJEKT Group

## assets

	31.12.17	31.03.18	change	change %
Fixed assets	255 535	279 405	23 870	9%
Expenditures on development projects	142 486	165 164	22 678	16%
Other fixed assets	113 049	114 241	1 192	1%
Current assets	725 978	720 587	-5 391	-1%
Trade receivables	46 261	21 453	-24 808	-54%
Other receivables	17 582	17 518	-64	0%
Prepaid expenses	14 296	17 868	3 572	25%
Other current assets	323	1 709	1 386	429%
Cash and bank deposits	647 516	662 039	14 523	2%
TOTAL ASSETS	981 513	999 992	18 479	2%

Expenses primarily related to development of Cyberpunk 2077, GWENT and Thronebreaker

Decrease due to collection of receivables following strong Q4 sales

Increase mainly due to minimum guarantees in the GOG.com segment (licensing royalties advanced to copyright holders)



# CD PROJEKT Group

## equity and liabilities

	31.12.17	31.03.18	change	change %
Equity	882 899	908 628	25 729	3%
Long-term liabilities	4 130	2 892	-1 238	-30%
Short-term liabilities	94 484	88 472	-6 012	-6%
Trade and other liabilities	44 144	35 953	-8 191	-19%
Other provisions	43 640	48 106	4 466	10%
Other short-term liabilities	6 700	4 413	-2 287	-34%
TOTAL EQUITY AND LIABILITIES	981 513	999 992	18 479	2%

Increase mostly due to current-period financial result

Decrease due to reduction in trade liabilities following strong Q4 sales

Mostly due to increasing provisions for result-dependent compensation



# CD PROJEKT Group cash flows

	2017 Q1	2018 Q1
<b>OPERATING ACTIVITIES</b>		
Net profit / (loss)	45 259	22 892
Change in receivables	36 016	24 866
Other adjustments	-16 978	-10 750
<b>A. Cash flows from operating activities</b>	<b>64 297</b>	<b>37 008</b>
<b>INVESTMENT ACTIVITIES</b>		
Expenditures on development projects	-16 019	-21 249
Bank deposits (3m+) held to maturity	339 835	181 871
Bank deposits (3m+) created	-482 277	-179 259
Balance of other cash flows from investment activities	1 245	-1 225
<b>B. Cash flows from investment activities</b>	<b>-157 216</b>	<b>-19 862</b>
<b>FINANCIAL ACTIVITIES</b>		
<b>C. Cash flows from financial activities</b>	<b>-295</b>	<b>-11</b>
<b>D. Total net cash flows</b>	<b>-93 214</b>	<b>17 135</b>
Change in balance of bank deposits 3m+	142 442	-2 612
<b>CHANGE IN BALANCE OF CASH AND BANK DEPOSITS</b>	<b>49 228</b>	<b>14 523</b>

Reduction in receivables following Q4

Mostly due to income tax payments and reduced liabilities

Ongoing development: primarily Cyberpunk, GWENT and Thronebreaker





CD PROJEKT RED®  
WROCŁAW





# Q & A





# Thank you!



# Legal disclaimer

This report includes forward-looking statements. Because such statements deal with future events, they are subject to various risks and uncertainties and actual results for fiscal year 2018 and beyond could differ materially from the CD PROJEKT's current expectations.

Forward-looking statements are identified by words such as "anticipates", "projects", "expects", "plans", "intends", "believes", "estimates", "targets," and other similar expressions that indicate trends and future events.

Factors that could cause the CD PROJEKT's results to differ materially from those expressed in forward-looking statements include, without limitation, variation in demand and acceptance of the Company's products and services, the frequency, magnitude and timing of paper and other raw-material-price changes, general business and economic conditions beyond the Company's control, timing of the completion and integration of acquisitions, the consequences of competitive factors in the marketplace including the ability to attract and retain customers, results of continuous improvement and other cost-containment strategies, and the Company's success in attracting and retaining key personnel. The Company undertakes no obligation to revise or update forwardlooking statements as a result of new information, since these statements may no longer be accurate or timely.

