

## Chat session with individual investors held on 4 September 2020

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**Moderator:** Welcome to the investors' chat with Adam Kiciński and Piotr Nielubowicz. Representatives of CD PROJEKT stand ready to answer your questions regarding the recent financial results and the Studio's further plans.

**Moderator:** Please allow me to remind you of our chat rules. Questions must first be sent to the moderator. Selected questions will be published along with replies. Any questions entered by you will be queued at the bottom of your screen. The moderator may reject questions which violate chat rules.

**Moderator:** A notice for journalists covering today's chat: quoting any excerpts from the conversation in your editorial content requires proper attribution. In case of questions or concerns please contact us at [biuro@stockwatch.pl](mailto:biuro@stockwatch.pl)

**Moderator:** You may go ahead and ask your questions now. Our Guests will begin replying at 15:00 CET. If you are unable to view replies, please refresh the page. We also encourage participants to share the chat and comment upon it in social media using the #czatStockWatch hashtag.

**Adam Kiciński and Piotr Nielubowicz:** We warmly welcome you to our investors' chat concerning our H1 2020 earnings. You may go ahead and ask your questions.

**Marcin:** Is Cyberpunk2077 geared towards next-gen consoles? I'm thinking specifically of PS5.

**Piotr Nielubowicz:** From the moment the next-gen consoles hit the market, Cyberpunk 2077 will be playable on them owing to backwards compatibility features. Additionally, we plan to release a dedicated next-gen edition in the coming year.

**Michasx Blake:** Do you organize any workshops for young programmers so that they can see the team in action and learn about role assignments?

**Adam Kiciński:** Not at present; we need to focus on our development work.

**Gość Michał:** Greetings. What expenses had the biggest influence on net cash flows from investment activities in the second quarter?

**Piotr Nielubowicz:** These would be Cyberpunk 2077 development expenditures.

**WiedzminGeralt:** When is the recently announced mobile game scheduled for release in Poland?

**Piotr Nielubowicz:** We will announce the release date later this year.

**Ursu the Stoic:** Hello; two questions. 1. Is the purchase of Cyberpunk 2077 IP by CD PROJEKT, along with, for example, work on the anime series set in this universe (2021), intended to turn the company from a gamedev studio into a franchise manager, or is it purely a marketing ploy intended to promote and extend interest in the game (and therefore support its sales) in the long run? 2. Does the agreement with Mr. Andrzej Sapkowski (which, as we know, you haven't disclosed beyond publishing a terse report) authorize the use of The Witcher IP in products other than videogames?

**Adam Kiciński:** Regarding Q1: Yes, we develop our franchises, which also ensures marketing support for our brand.

Regarding Q2: Yes, even before the agreement was concluded we had already held rights to products other than videogames, for example comics or board games.

**Guest:** Are you planning to publish further expansions for The Witcher 3 as an additional source of revenues and to appease gamers who have played through the entire game?

**Piotr Nielubowicz:** Beyond the two expansions already on the market we do not plan to publish any further expansions for The Witcher 3.

**SW-fan:** Kind greetings, and respect for the global superhype. There's nary a person who hasn't at least heard of Cyberpunk by now; however, there are also those who claim that the game is overhyped and lags a bit in terms of technological advancement, so it may be viewed less favorably by critics who enjoy poking holes in other people's work. How do you view the matter and what are you planning to do about it?

**Adam Kiciński:** We are deeply convinced the game will live up to the expectations.

**af trader:** I'd like to ask about strange goings-on on the stock market. 1. Bundled sales far above market price; 2. Large-scale repurchase of stock; 3. New issue subscribed by employees. What's the purpose and what's going on? Can this be interpreted as a safe cash-out in case of CP2077 sales underperformance?

**Piotr Nielubowicz:** The purchase of own shares by the Company and the planned sale of some of these shares by the entitled parties (9.5% of the total entitlements granted under the incentive program) are directly associated with the vesting of the aforementioned incentive program, which covered the years 2016-2019.

**af trader:** Is the number of Cyberpunk preorders public knowledge? I'm wondering about the overall figure as well as about the Steam/GOG split.

**Piotr Nielubowicz:** We haven't disclosed such information.

**Guest:** Are you planning to open a new branch or studio in Warsaw or another city? If so, when?

**Adam Kiciński:** We intend to further expand our Warsaw team – this is why we have, among others, invested in our campus in the Praga district.

**Guest:** When will the CP2077 hardware requirements be revealed?

**Adam Kiciński:** Closer to the launch date.

**Guest:** Will you be involving Cyberpunk 2077 in pop-culture to an ever larger extent, along the lines of the anime series? Perhaps an energy drink is in store?

**Piotr Nielubowicz:** Yes. :)

**SW-fan:** Gentlemen – you avoid in-game purchases and subscriptions, and you're not doing much about multiplayer content. So you're following the old pattern – sell the game once, for a lot of money. Don't you think this model is becoming obsolete – or perhaps it has already, as the younger generation consumes games in a different way?

**Adam Kiciński:** We actively follow both models, and we always try to treat gamers fairly.

**conrad:** Will purchasing Cyberpunk 2077 for the current generation of consoles grant automatic access to the next-gen version, or will I have to buy the game on PS5 separately?

**Piotr Nielubowicz:** Everyone who buys Cyberpunk on the current generation of consoles will be eligible for a free upgrade when we publish the next-gen edition.

**Akcjonariusz:** Has the Company received or is it scheduled to receive any royalties from its Cyberpunk-related collaboration with Netflix?

**Piotr Nielubowicz:** If you're asking about CYBERPUNK: EDGERUNNERS then yes, of course.

**Guest:** Is there any uncertainty as to the November release date of CP2077?

**Adam Kiciński:** The game is coming on 19 November 2020.

**berroh:** Will remote work disrupt the release of Cyberpunk 2077?

**Adam Kiciński:** We're coping.

**Guest:** In your opinion, does Monster Slayer have a similar potential to Pokémon GO? What is the intended target demographic?

**Adam Kiciński:** We don't want to compare ourselves to any other release. The game is dedicated to fans of The Witcher universe, but we also want to go beyond this group.

**księgowy:** Do CP development expenses aggregated with development projects in progress represent the majority of those expenditures?

**Piotr Nielubowicz:** Yes, Cyberpunk represents the largest contribution to this line item.

**Akcjonariusz:** What are your ideas for further development of GWENT? Do you consider the project a success?

**Piotr Nielubowicz:** GWENT has just enjoyed the best six months in its history. We have a lot of ideas for the future.

**gracz:** Will Cyberpunk be optimized for next-gen consoles? Or perhaps it's already being optimized for them?

**Adam Kiciński:** The PC edition already supports cutting-edge technologies such as ray tracing; the future next-gen console update will also provide this support.

**Gość:** What is the Android GWENT MAU count compared to the same period before the iOS release?

**Piotr Nielubowicz:** We do not publish such data.

**Akcjonariusz:** Do you have any ideas for another strong RPG IP?

**Adam Kiciński:** We have a lot of ideas which await implementation.

**Guest:** Will The Witcher 3 be part of programs such as Xbox Game Pass, or are you considering – for example – a deal with Epic, such as was the case with GTA V?

**Adam Kiciński:** The Witcher is already part of Xbox Game Pass.

**Guest:** Can we expect a marketing surprise on par with the E3 reveal (I'm talking about Keanu Reeves)?

**Adam Kiciński:** We do not announce surprises. :)

**ciekawski:** Do Cyberpunk expenditures qualify for the IPBox tax relief?

**Piotr Nielubowicz:** The tax law interpretations which we have received confirm that Cyberpunk development expenditures are eligible expenses under the IP BOX regulation (subject to a range of additional requirements and limitations, as described in the appropriate statutes).

**Zainteresowany:** Do you still plan to expand your workforce?

**Piotr Nielubowicz:** Yes, we continue to grow and have no plans to stop.

**Akcjonariusz:** How many dev teams are currently active within the Group?

**Adam Kiciński:** Five teams – from small ones all the way to a team that's several hundred strong.

**Guest:** Do you envy This War of Mine being included on the school reading list?

**Piotr Nielubowicz:** We congratulate our colleagues at 11 bit studios – and also the kids. :)

**zmartwiony:** Have you been able to invest 100% of your potential in the development of Cyberpunk 2077 under remote work conditions?

**Adam Kiciński:** We always push ourselves to the max.

**księgowy:** Do your revenues account for any milestone payments from partners?

**Piotr Nielubowicz:** No, any advance payments associated with future royalties are aggregated with deferred revenues (under equity and liabilities).

**Akcjonariusz:** How many external studios are working, or have worked, on Cyberpunk? I'm talking specifically about development of the game.

**Adam Kiciński:** We collaborate with many external partners on various aspects of our games, but the games themselves are created at our studios.

**Akcjonariusz:** How do you view current preorder figures for Cyberpunk? What do they tell you about potential sales on the release date?

**Piotr Nielubowicz:** We are very happy with to-date preorder figures.

**Guest:** COVID must have wreaked havoc with your marketing plans. Can you share more about your marketing campaign? When will we be drowned in Cyberpunk content?

**Piotr Nielubowicz:** The most intensive phase of the campaign is scheduled for the immediate pre-release period.

**Guest:** What's the dilution under the recently approved incentive program?

**Piotr Nielubowicz:** The incentive program for 2020-2025 provides for a maximum of 4 million entitlements incorporating the right to claim 4 million shares. These entitlements may vest either by assigning shares bought back on the market or issuing new shares.

**inwestor\_2k:** How much does CDR intend to spend on the CP77 marketing campaign?

**Piotr Nielubowicz:** The Cyberpunk marketing campaign will be by far the largest in our history.

**Wojetek:** Right now the Company's capitalization on WSE is nearly 42 billion PLN, making you the largest entity traded on this market. Assuming further growth in market cap, do you intend to go beyond the Polish market and enter – say – the American market (via dual listing)?

**Piotr Nielubowicz:** Right now we're focusing on Cyberpunk. :)

**ważne-pytanie:** Greetings. Will Cyberpunk characters be able to snore?

**Adam Kiciński:** A good idea for free DLC. :D

**Adam Kiciński and Piotr Nielubowicz:** Thank you very much for participating in the chat. See you around!

**Moderator:** On behalf of the editorial board of StockWatch.pl I would also like to thank you for the interesting discussion and invite you to future chat sessions.