

Adam Kiciński (AK):

Greetings, I'm Adam Kiciński, Joint CEO of CD PROJEKT. Thank you for joining today's call which concerns the postponement of the Cyberpunk 2077 release date by 3 weeks - until December 10. We would like to briefly explain the reasons behind today's decision and also answer any questions you may have.

First and foremost, on behalf of the whole Board, I would like to offer an apology for breaking our promise and failing your trust.

We underestimated the time required for the very final processes. The game is ready for the PC and runs great on the next-gen consoles, and could be shipped on the scheduled date on those platforms. However, even though the game has been certified on the current gens by both Sony and Microsoft, some very final optimization processes for such a massive and complex game require a bit of additional time. Moreover, while we are releasing on the PC and two console brands, we are, in fact, preparing and testing nine distinct versions of the game, for the following platforms:

PC

Xbox One

Xbox One X

PS4

PS4 Pro

compatible releases on Xbox Series S and Series X

PS5 compatible release

...and Stadia.

And last but not least, despite all the effort taken to limit the impact of Covid-19 on our work, the current epidemiological situation at this final stage of the project is not making things any easier.

We are fully aware of the consequences of this decision, but at the same time, we feel we have an amazing game on our hands and believe that the decision is the right one to take, and will be borne out in the long run.

With that, I think we can go ahead with the Q&A session. I am at your full disposal, as are Piotr Nielubowicz, our CFO, and Michał Nowakowski -Member of the Board responsible for our publishing policy.

Q1: Good evening. I've got 3 questions. My first one – going back to what you said in the middle of June when you last delayed the game – I think you specifically ruled out delaying it again beyond November 19. My question is – why is it different this time; why you're confident that you can get this game out on December 10. Secondly, you mentioned in your comments that "we have an amazing game on our hands". Could you provide some feedback that you've been getting from testing on how the game plays and we can get comfortable – when we actually get the game out – that it will be an amazing game and the quality will be as high as you expect it to be; some color on that would be very helpful. And thirdly – longer term, you've had some issues with getting this game out in the timeframe that you had set; you cited the complexity a number of times. But obviously you've got a very big project to come over the next couple of years, to get the multiplayer out – so, how confident are you that that you are going to be able to handle getting multiplayer out in 2 years? Has your experience with single-player games increased your confidence or decreased it? Thank you very much.

AK: Thank you for your questions. Starting with the first one – we are in a very different situation now; as I've said, we have the game ready on the PC and it plays great on both next-gen consoles. We're

finalizing the process on the current gen. To be honest, releasing on the 19th was possible as well, but we believe that having these extra three weeks will enable us to get more things ready to our satisfaction. But we're talking only about technical things at the very final stage. Our confidence now is even greater than before – we have the game and can play it. I don't know how best to explain it, but the confidence is there – we're glad to have more time and believe this is the right move. I know three weeks doesn't seem like a long period, but it actually doubles our available time starting from the moment the decision was made; this can greatly help us with those technical matters regarding current-gen. I'll pass the second question to Michał because he has recently been playing the game quite heavily, so perhaps he can share his own opinion too.

Michał Nowakowski (MN): This is Michał Nowakowski – I'll actually not share my own judgment; I'm not impartial, of course, but when it comes to feedback from testing, we have quite a bit of that by now. The feedback is actually quite lengthy and it would take us way too much time to pass it; a lot of it is very technical, we break it down into very minute answers on some points, but one thing has been recurring in all of the test we've done. We've had people complete the game – for example, just yesterday night we had people complete the game in Japan, and we heard from them – and we keep hearing that it's unlike anything they had played before. And that comes from the mouths of people who are actually fans of videogames, and I can assume have seen quite a lot. So, that gives us a lot of confidence in the quality of the content we have prepared. It's of the highest standard and we're super happy with what we're about to deliver.

AK: And the third question, about future projects – it's a hard lesson and we know that we have to make certain organizational changes on the technical side of the company, but we believe that we have resources, and – frankly – such a harsh lesson makes us better prepared for future challenges. We take this lesson seriously and we believe that future projects, on the technical side, will be carried out properly.

Q1: Could you elaborate a bit about what you mean by “technical issues”?

AK: I think we should have had the game playable at earlier stages. With such a big game, too many things may have been put together at a late stage. We should have had more playable builds earlier. Well, what can I add? We're particularly focused on the content and on delivering the greatest games, but at the same time we believe we can organize the technical side by putting together playable versions earlier than before. Regarding multiplayer – it's a different project; we actually have initial prototypes and will keep them running throughout the whole course of production. And of course there is one more thing: targeting future releases – probably – just for next-gen will help a lot. We are releasing a game which is, to be honest, a next-gen game, and we're preparing it for fairly old machines, which poses certain unique challenges that won't occur in future projects – at least in the next one.

Q2: Hi everybody. Still looking forward to visiting Night City. I've three questions. One question is to take the opposite tack and ask for assurance from you that you're confident that this is enough time – because one could worry that – let's suppose – you needed 7 weeks, which would have implied the game comes out in early January, which, commercially, is not a good time, and it's the next financial year, so – are you confident this is enough time? Secondly, I'm sure you'll receive some criticism for the extended crunch – will this relieve any pressure? And does this therefore mean that cash receipts will fall into the next financial year? And finally, have any refunds been requested because of the delay and do you think this could provoke requests for refunds? Thank you.

AK: We feel firm. As I said, the game is releasable on the 19th and having those 3 more weeks just gives us more changes to fix this and that – so we feel secure. Of course the decision was not easy, but we also know that the release only happens once. The first impression is crucial, and in the long run

having a few things done which wouldn't have been done in time for the 19th will work in our favor. We feel – maybe not comfortable [chuckle], but confident and will be releasing on the 10th.

Regarding crunch; actually, it's not that bad – and never was. Of course it's a story that has been picked up by the media, and some people have been crunching heavily, but a large part of the team is not crunching at all since they have finished their work; it's mostly about Q&A and engineers, programmers – but it's not that heavy; of course, it will be extended a bit, but we have feedback from the team; they're happy about the extra three weeks, so we don't see any threats regarding crunch.

MN: I think the third question was whether the majority of revenues and cash collection would be moved to the next year – they're actually separate things. When it comes to revenues, I wouldn't go as far as saying that the majority of revenues would move – but of course we're going to have less time during the current year, so a significant portion will move. For the cash I'm gonna allow Piotr to speak in a second; I'm just going to talk about refunds (**Q2:** I mean for people who have decided that December 10 is too long and they can't stand to wait another three weeks. You can tell I'm not convinced it's a big problem, but tell me.) – Well, we don't think it is, to be perfectly honest; we think people will wait for the game. We see people are excited; I can't imagine huge masses of people cancelling their preorders and collecting their money back. Whether someone's gonna do it? Well, of course, whenever there is an event like that there's always someone who's frustrated and cancels their preorder. Sometimes these people do come back; sometimes they don't. Of course we're going to do everything we can by coming up with materials, previews and so on to convince these people to come back if this is the case – but we don't see that as a mass problem. When it comes to cash, I will hand it over to Piotr.

Piotr Nielubowicz (PN): Hello. There will be a couple of sources of cash inflowing into the company. First, installments due to us upon the release of the game. The release will still occur this year, so such installments should land in our bank accounts before the end of December. Next, with physical distribution reporting occurs in quarterly cycles, so regardless of the release date, whether in November or in December, reports will be delivered to us at the beginning of the next year, as will the corresponding payments. In the case of digital distribution, especially on PC, reports are delivered on a monthly basis, so this year we should collect payments for all the preorders generated in November; however December sales will be reported and paid for at the beginning of the next year, so we assume that release sales will shift from the November to the December window. In this case, the revenues will also move to the beginning of the next year. The net result is that the cash flow for the company may be delayed by 1 month, or, in cases where we generate sales via GOG – by 21 days, so it's not a significant delay in terms of the time that is to be considered.

Q3: Thanks and good evening. You mentioned that – not a majority of revenues, but a significant portion – would move to next year. Could you tell us roughly how significant that move is in your view? The second question concerns expenses: how will this impact expenses for the company; particularly marketing, but also any other expenses which are impacted – is there any impact on how you pay your physical distribution partners? And then – I didn't quite catch the explanations on the different platforms that you just gave regarding revenues in cash moving into January for some of those platforms – could you go over that again please?

PN: First of all, I referred to the question of the cash being postponed, not the revenues being postponed until next year. As far as cash is concerned and whether it will be partially postponed until next year in physical distribution, the situation will not change – in both scenarios (November and December release) the situation is that payments of our royalties will happen at the beginning of the next year. In the case of digital distributions, all royalties for PC preorders placed in November should be reported and paid to the company this year, while royalties associated with December sales will be reported and paid at the beginning of the next year. So, this does not change the whole system;

however, release window sales will occur – in the case of digital distribution – in December and not in November; only preorders on the PC will be paid for by the end of the current year – so this is the change I referred to. Secondly, you asked about revenues being moved to 2021. Yes; definitely, the time for the game to exist on the market this year will be shortened by 3 weeks, but we also performed an analysis of sales of The Witcher 3 post-release, and this exercise revealed to us that the vast majority of sales, approximately 90%, happened within the first four weeks following the release, the vast majority of the sales for TW3 in the quarter of release. All key events and circumstances stimulating sales will still occur this year – I’m referring to the release of the game and also the pre-holiday season which should also support sales. Thus, we believe that even though this year’s time window for the game is shorter, revenues may be slightly lower but will still be very much comparable to our initial plan. And what’s even more important – we are not developing the game with the idea of generating only single-quarter revenues. The entire project is designed to result in a game that will continue to sell and generate revenues for years, as in the case of The Witcher 3, The Witcher 2 and even The Witcher 1, which still continues to sell at levels comparable to its release window and provides high value. The same is true for Cyberpunk; obviously the current year is somewhat affected, but the decision to focus on quality should support long-term sales of the game.

The second question was about expenses, so – definitely, we’ll need to rethink the marketing campaign and reschedule it a bit to cover the release window in December. Such rescheduling will most probably involve an increase in marketing expenses, but it’s too early to show exactly how the marketing budget will increase. The decision is really fresh and we are working on rescheduling the marketing campaign as we go.

Q3: Could I just clarify two things – what happens to the cash flow from the digital console sales; when does that come in? And could I just double-check – you said that for The Witcher 3 90% of the sales came in when you released it, in the first four weeks?

PN: We released The Witcher 3 in the middle of the quarter and it enjoyed exactly six weeks of sales before the end of the release quarter. Out of these six weeks, the first four weeks accounted for approximately 90% of total first-quarter sales – that’s what I wanted to say. As far as cash from digital console sales is concerned, it should arrive in our bank accounts at the beginning of the next year.

Q4: Thank you and good evening everyone. My first question is: can you disclose anything in terms of the level of preorders for the game, either on PC or somewhere else? Does the delay change anything in terms of your unit expectations? My second question is: given your comments regarding the quality of the game, I’m curious what sort of Metacritic score would you be disappointed with. And my third question: in order to boost sales in December, would you consider offering a bit more aggressive discounts? Is there a risk that the average selling price is a bit lower than what people would imagine? Thank you.

AK: I’ll take the first one. We can’t say too much about preorders, but what we can share is that the ratio between preorders of The Witcher 3 at the same stage and preorders of Cyberpunk continues to strongly satisfy. We’re happy with preorders and we’re looking forward to the final stage. The majority of preorders always occurs at the very final stage. Regarding Metacritic expectations – perhaps Michał can cover this, and as for sales – we believe that the 21 day shift shouldn’t change anything; it just moves sales and we really focus on the long-term perspective in terms of sales. This is secured by quality and nothing else matters, so – having better quality and a better initial reaction to the game always works in favor of sales; that’s why we are delaying. As I’ve said – we don’t have to, but we believe that having this extra time gives us a better assurance that everything is as it should be with the game which is coming on the 10th.

MN: So, when it comes to Metacritic, we continuously aim at a 90+ game, so nothing has changed here; this remains the goal and, as Adam mentioned, this is actually the main reason for postponing the release. We want to give the game an extra polish; we'd rather be slightly ashamed right now in front of you than be ashamed in front of the players once the game releases. In terms of average selling price, whether it's going to be somewhat more aggressive – the answer is no. This was not the plan when we were planning to launch on November 19, and it's still not the plan for the December 10 launch. We believe we have a premium title that's coveted by the players and we don't need to offer any extra incentives – I think everybody who is going to be working on selling this game, in retail and on digital platforms, is going to be happy with what the game can make once it starts selling.

Q5: If I could just ask one follow-up: are you going to spend a bit more around advertising and marketing to perhaps cover for the “negative PR” caused by delays or will the marketing budget remain unchanged?

MN: There is going to be some extra support in terms of budget, that's for sure, to account for the changed date; yes.

Q6: Good evening; couple of questions. It's quite rare to get a delay after the gold certification for a game. With a lot of copies sold digitally, does this cause any logistical issues or is it just a question of having a bigger Day 1 patch? And the other question I had was on the changed release schedule for the Stadia version. I understand it has recently been pushed ahead to coincide with the launch on all the other platforms. You mentioned the challenge of launching 9 versions at the same time – so could you explain that decision in light of this delay? Thank you.

MN: Just to be sure I understand the first question correctly – is it about whether the delay after gold have something to do with logistical issues? (**Q6:** No – whether it brings any logistical issues with it). OK, I understand. Yes, it brings certain issues because of course we're not releasing the stock into retail as was planned, on November 19, but it's not really a huge challenge – it's more of a warehousing issue rather than anything else; no transports have been moved from the warehouses and so on. So, there is nothing complex going on in the background – such as making crazy calls, trying to do something about that – it's really just about keeping the stock in the warehouses. So it is kind of an issue *per se*, but nothing really complicated or challenging. About the release on Stadia – could you rephrase? You broke up a little bit – I heard up until the point you said that we had moved it to occur on the same date as the regular launch, but I didn't hear the actual question.

Q6: Yes, in the context of what you said about the challenge of launching on 9 platforms at the same time, could you explain the decision to proceed with the Stadia launch a bit earlier? Why not postpone it until after the launch of the other versions to alleviate the strain on Q&A and engineering teams?

MN: I understand. Stadia doesn't really affect the complexity of the issues. The things we're fixing in terms of performance are on a higher layer than Stadia. Stadia is kind of a PC build which, as Adam mentioned at the very beginning, is pretty much ready; so – it really doesn't pile up. This is why we've been able to move it to coincide with the PC release, but the polish is needed to fix all the bugs and quality issues that we're still facing, and we see that we can't fix them by the 19th – that's the only reason we're moving the date to December 10.

Q7: Good evening and thank you for taking my question. You said that the game is “kind of” ready for the next-gen consoles and the PC, and the issue concerns the current generation. Can you say whether you had considered splitting the launch into next-gen/current-gen? And the other question is: can you confirm whether it's just about optimizing the game so that it runs efficiently on the current generation – or are there also glitches that need to be taken care of during the last three weeks before the launch?

MN: I'll start with the release date: we have not considered splitting the release; we're big believers in serving everything at the same time. It's much more reasonable from the perspective of how the team operates and it's also convenient from the marketing perspective. So the answer here is no. You also mentioned that the game is prepared for next-gen. I would instead say that it's ready to be played on next-gen – that's an important distinction because our true next-gen version is going to come later. But yes; the game can be played and I just wanted to make sure that's not misunderstood. Now, about optimization and so on – games of such complexity and magnitude always have some bugs upon release. This is understood; it's commonplace – anybody who has played any game out there, like GTA, RDR, The Witcher 3 – any of the big games – knows there are bound to be some bugs. It's more about the scale and the quantity of these bugs, and it's really the only issue we're facing – so of course we're going to continue improving and working on the game once it launches, as was the case with The Witcher 3 – as everybody knows – but when it comes to the launch moment, we want people to not be pestered by something that is going to be truly problematic for them; we want them to avoid those kinds of situations; we want them to enjoy their arrival in Night City – so, coming back to your question, yes, it's basically optimization and all the challenges related to that. There's no other "hidden story" here.

Q8: Good afternoon. I just want to ask three questions. Do you have to pay any contractual fees due to delaying so close to launch – to distributors or marketing partners? The second question is about preorders: I wonder what happens to preorders in case of a delay. Are they automatically cancelled in some stores; are you aware of any channels that cancel preorders due to a delay? And the third question: you said that the ratio between preorders for Cyberpunk and The Witcher 3 is very satisfactory; I wonder if this justifies the threefold increase in the marketing campaign which you said was the case with Cyberpunk.

MN: OK, I can take the first two. Regarding contractual fees – there's no penalty in our contracts that we would be facing from any of our partners. The delay is really not that big; it's three weeks – of course it's going to impact the amount of time we'll have to actively sell the game during this calendar year; that's pretty obvious, but it really doesn't change expectations towards the game – it's still out there to be played, so, no. Not only are there no contractual penalties, but no one is demanding any kind of penalties. In terms of preorders being cancelled – this is highly specific to every channel; it depends on the channel's policy. We don't really control particular retailers or their policies; however, I know for a fact that there's no retailer that would cancel all preorders automatically. Some retailers may offer the ability to cancel preorders until the moment of launch, but, frankly speaking, this is something you can typically do with a preorder even in the absence of a delay – if you wanted to cancel a preorder of our game on Amazon yesterday, before we released the news, you could have done it without any hassle whatsoever. So, this is something of a typical practice; you can cancel preorders at any moment in time before the game actually launches and ships. Nothing has changed in regard to that. Yes, there may be some people who would actually cancel preorders right now, because they're tired, but I still think we can win those people back. I'll hand over the third question to Adam.

AK: The simple answer is – yes. All the data we have, both internal and external, justifies the scope of the marketing campaign, and perhaps we don't sound very happy today, because – you know – it's a tough decision, but on the other hand, we're sure we have something really amazing on our hands and we truly believe that once the game is released, everyone will understand how difficult it was and how great the game is, and then all those bitter pills we had to swallow on the way will seem like a small thing compared to the satisfaction that we'll enjoy. So – don't get us wrong, we of course a little stressed internally; we would have preferred to release on the 19th, but on the other hand we feel very strongly about the game.

Q9: Good evening everyone. My question relates to the momentum of console sales that may play a bigger role this time around. Do you think that the recent deterioration in economic outlook due to

the pandemic may have affected potential sales – with people perhaps less incentivized to buy as early as November, and maybe moving the date closer to Christmas would optimize potential sales?

PN: It's hard to reliably estimate the influence of the pandemic upon sales. We know from our experience in March and April that it offered something of a tailwind for the videogame industry – videogames were among the limited number of entertainment forms that people could enjoy at home, and this particularly boosted digital sales. So, if the situation repeats at the end of the current year, it might offer some support for the game, but I don't think it hinges upon whether the release takes place in November or December. In any case, the course of the pandemic is not where we look for sales support in the case of Cyberpunk.

Q10: Hi, just one question: some people would have thought three weeks before release is quite late for a delay, but as we work towards the new December 10 date – when do you really need to make a final decision that everything would be ready for that date? When do you believe it's physically too late to delay a game further? Is it two weeks before, one week before...? When can we get comfortable that the game is definitely coming out?

MN: We're not really analyzing it this way because, to be honest, we don't see such a thing happening. I do realize you've actually heard this from us before, but this is pretty close to the launch and – as we've mentioned several times – the game is ready; it's there; you can actually walk through the whole game and a number of people around the world who were given access to the game, have done it. We need to be sure about the performance and that the glitches are gone, so – there is no such analysis at all; we just haven't thought about that.

Q10: Okay, so – basically – we can be comfortable now that the game is definitely coming out on December 10, is that what you're saying?

MN: That's more or less what I'm saying, I guess – yes.

Q11: Hello again. A couple of questions. One was just to clear up the next-gen point. As I understand it, the game will come out on the 10th, playable on, say, PS5, but the actual optimized next-gen version is still scheduled for the first quarter of the next year for both Xbox and PS5. The second question is: does this have a knock-on effect on DLCs? I guess large parts of the studio can be working on those, but still – the engineering and the Q&A guys will be very busy, and for longer than you had ever expected – so does this potentially affect the timing of DLCs, of which we can expect at least three – correct me on that. Thank you.

AK: So, with next-gen: what we are releasing now is the current-gen version, which can be played on next-gen consoles thanks to backward compatibility, but without next-gen-specific features. Being strong machines, next-gen consoles are comparable to very strong PCs – they have more memory, much faster hard drive access and so on and so forth. So – the console version played on next-gen looks great; instantly. Next year we will be releasing a full-blown next-gen version – perhaps not optimized for next-gen, but with next-gen features implemented. It won't be – like the current version – merely an emulation of the current gen. Regarding expansions – we expect no impact. Fortunately, those who are finishing the game and are now involved in those final processes, are not required at this stage of development of the expansions. We don't expect that this will influence our further schedules.

Q12: Hello. You mentioned that the problem was with the current-gen consoles. Is the problem different for Xbox and PS4, the latter of which is perhaps a bit stronger – or is it very similar for both consoles?

MN: Hi; Michał Nowakowski again. I wouldn't say there is a "problem" because there's nothing wrong with Xbox or PS4 versions – there is optimization to be handled, also because of how we were approaching things from the get-go in terms of development; so – there is no problem with Xbox or PlayStation 4, to be honest. Now, in terms of issues – I don't think there's much point in going there. Yes, there are some issues that are similar – I'm not going to go through a full bug report here; that's probably pointless – but let's put it like this: there are some issues which are common to both platforms and some issues which are slightly different; it's a mixed bag, really. It's something that can be handled, can be done and something that we're currently working on. It's a huge game, so there are a lot of things to be tackled – which is the underlying reason behind the conversation we're having tonight.

Q12: My question was related to the rumors from one year ago, I believe, which said that there were some problems with optimization for Xbox, but as I understand – this is not related?

MN: This was a total hoax; a fake rumor. That I can say; otherwise – there's just regular work to be done on both platforms.

AK: And I'd like to add one more thing: having the game certified means it's optimized and it works, but it's a big game and what we're going to do in those next couple of weeks is to make it as good as it can be on the current generation – so we're trying to bump everything as much as possible.

Moderator: Thank you; this concludes today's Q&A session. Mr. Kiciński, I will hand it over to you for any closing remarks.

AK: Thank you everybody; tomorrow we are available to take any follow-up questions you may have. Please contact our IR team directly via e-mail or phone. Thank you very much and tune in to our Q3 results. Bye bye!