

Adam Kiciński (AK): Good evening everyone. Welcome to the teleconference dedicated to the CD PROJEKT Group annual results for 2020. My name is Adam Kiciński and I'll run this call together with Piotr Nielubowicz and Michał Nowakowski. The webcast of the presentation and the audio is also streamed on our corporate website at www.cdprojekt.com and our IR Youtube channel. So - let's get started. Please jump to slide 3.

Beyond any doubt, the long-awaited launch of Cyberpunk 2077 was for us the most important event that took place in 2020 and come to think - in our history. It's a tough task to summarise the project with just a handful of slides - given that we all poured years of work and our hearts into it.

Cyberpunk launched on the 10th of December, on PC, Xbox One, PS4 and Stadia. The game is also playable on next-gen consoles thanks to backward compatibility. Let's move on to slide 4.

Cyberpunk 2077 turned out to be a huge project in every possible way - the most ambitious one that we've ever worked on, and also the most challenging, taking into account its scope and complexity.

With regard to its scale, over 500 developers from CD PROJEKT RED representing 37 nationalities worked on the game during the most intense period. In total there were over 5000 people involved in the project, including the studio's employees, business partners, actors, translators and musicians.

Working in such a diverse environment was a great pleasure. It was a challenge as well, taking into account that most of us spent the last 9 months before the release working from home, because of COVID.

Using this opportunity I'd like to thank all the people involved in Cyberpunk, especially my wonderful colleagues from CD PROJEKT RED, for their great dedication and passion they put into the project.

Let's go to the next slide, so number 5.

We strongly believe that to reach audiences around the world and win them over, we should give players the opportunity to experience the game in their mother tongues. That's why we are proud that we've managed to make Cyberpunk available in 18 language versions, including 11 full voice-overs recorded by 2000 actors. Please move on to slide 6.

The launch of Cyberpunk 2077 was fueled by a huge global marketing campaign that included various channels such as TV, outdoor, radio, printed media and online, depending on the

region. Cyberpunk-related advertising and other promotional content was released in 34 language versions, in 55 countries. We achieved great results - our global marketing campaign generated over 3 billion ad impressions between November and December last year.

On the next slide so number 7 you can see that the scope of the project was naturally reflected in the size of its overall budget of 1.2 billion zlotys. 55% of that was spent on direct development costs plus the studio's overhead expenses allocated to this project. The rest is the total marketing and communication budget covered by both CD PROJEKT and our physical distribution partners. Let's move on to the next slide so number 8.

The hard work that our talented and ambitious team put into the development of Cyberpunk, as well as into the marketing campaign and the game's launch, resulted in our sales figures in the release window. As you can see, by the end of 2020 the total estimated number of copies sold to gamers reached 13.7 million. Please go to slides 9, 10 and 11.

Digital distribution accounted for 73% of total Cyberpunk sales in 2020, which clearly reflects the current shift towards digital, also reinforced by last year's pandemic and lockdown.

Platform wise, 56% went to PC owners and Stadia users with PCs accounting for the vast majority of that part. 28% of total Cyberpunk sales went to Playstation users, with Xbox consoles accounting for 17%. The above breakdown was to some extent influenced by the suspension of Cyberpunk availability on PlayStation Store that happened 8 days after the launch.

Finally, let me say a few words about the geographical breakdown of Cyberpunk sales. We are satisfied with our presence in North America and Europe, which are our key markets. We are also happy with 20% share for Asia. Let's move on.

Having summarized the project and its results - I must say that from the creative point of view we can be proud of the core strengths of Cyberpunk: a beautiful, engaging city, a gripping and exciting story and multi-layered characters.

From the business standpoint, with the Cyberpunk launch we managed to introduce a new IP to the market and to the minds of gamers around the globe. Now with the Witcher franchise we've got two strong pillars on which to build the future of CD PROJEKT. But of course, as we all know, not everything went as planned. It has been a huge lesson for us that we shall never forget.

However now is the time to look ahead and move forward. Let's go to slide 13. Recently we've published the CD PROJEKT Group Strategy Update. A fundamental aspect of that is the transformation that we've called RED 2.0. This involves shifting to an agile work model,

empowering the CTO and devoting more attention to the well-being and comfort of our team. We are also consciously changing the way we communicate and manage our projects. On the production capabilities side a big milestone will be the start of parallel AAA content development in 2022. Please move on to the next slide so number 14.

One of our priorities for this year is continuing to improve Cyberpunk 2077. We strongly believe that the game will prove to be successful in the long run. We are now focused on the game's performance and stability on all platforms, along with fixing bugs. So far we've released several patches and hotfixes that addressed some of the issues gamers pointed out and we will continue doing so for as long as it takes.

As we announced in the Strategy Update, with regard to Cyberpunk 2077 our plans remain unchanged. This year we're going to release free DLCs providing small bonus content for gamers. Additionally, in the second part of the year we're planning to release a dedicated next-gen edition of Cyberpunk 2077. Owners of PS4 and Xbox One copies of the game are going to receive a free next-gen update.

A lot has been said about the Cyberpunk franchise. Now, moving on to slide 15, let's focus on the other pillar of our core business - the Witcher franchise.

During the last year the Witcher trilogy continued to enjoy strong sales exceeding 50 million units sold in its lifetime, including 30 million copies of The Witcher 3: Wild Hunt.

As you can see on slide 17, 2020 was the third best year in terms of revenues for The Witcher 3. We are convinced that, alongside the newly-introduced Cyberpunk IP, the Witcher franchise again proved to be a strong pillar for future development of the CD PROJEKT Group.

On the next slide, number 18 you can see our plans within the Witcher franchise for this year. This summer we're launching The Witcher: Monster Slayer, our free-to-play mobile location-based RPG that uses AR technology. As for the second part of the year, we plan the next-gen edition of The Witcher 3. It will be released as a standalone purchase for Xbox Series X, PlayStation 5 and PC, as well as a free update for everyone who already owns the game on PC, Xbox One and PlayStation 4.

Now it's time for a financial recap of 2020. Piotr, the floor is yours.

Piotr Nielubowicz (PN): Thank you Adam.

Let me now introduce you to the details of our financial results of 2020.

First, the profit and loss account.

Our consolidated group revenues exceeded 2 billion 138 million PLN. Obviously CD PROJEKT RED segment was a big part of that with nearly 1.9 billion zloty sales. Cyberpunk sales were responsible for approximately three quarters of that amount. The presented sales are decreased by the amount of provisions that we set and which I will present in a moment. Cyberpunk was the cornerstone of our sales but - as Adam already presented - it is worth to mention that 2020 was also the best year for the Witcher franchise in the last four years.

Last year, GOG also had a great performance - with over 340 million PLN total sales. Please have a look at the graph on the next page. A big part of GOG sales was achieved in Q4 last year and is attributable to the release of Cyberpunk - on top of the growth of the base GOG business.

Next page - our Profit & loss statement again.

Our sales were obviously accompanied by respective costs of products, goods and materials sold. In the case of CD PROJEKT RED segment - this comes mostly from the depreciation of our expenditures on development projects - mainly Cyberpunk but also Witcher 3 Nintendo Switch Edition, Gwent and Thronebreaker - presented in costs of products and services sold. Depreciation of Cyberpunk is an important subject for 2020 and for the future years and I will come back to this in a minute. For GOG segment - the cost of goods and materials sold represents royalties paid by GOG to its suppliers - including CD PROJEKT RED.

Our total consolidated Gross profit from sales reached nearly 1 billion 650 million PLN. At the same time - Selling costs of this special year increased to 408 million PLN. Nearly half of this amount comes from our marketing activity - especially dedicated to Cyberpunk but also ongoing marketing support of Gwent. Selling costs include also:

- part of our bonus system dependent on financial results,
- and maintenance costs of previously released products - especially Gwent for the whole year and Cyberpunk after the release on the 10th of December.

General and administrative expenses line - taking into consideration how intense that last year was - stayed at a stable level.

Among expenses for the period - we also have the income tax. The amount presented in the Profit and loss account includes three different elements which are mutually compensating to a certain extent: taxes paid locally, withholding taxes and deferred taxes. As far as local taxes are concerned - a significant part of our taxable revenue qualifies to an IP Box tax regime with 5% income tax rate. We were also entitled to use an R&D tax relief on other taxable revenues. And on top of that - as far the deferred tax is concerned - significant differences on qualification of revenues and costs into taxable profits and book profit exists in our case. To

give you an example - we released Cyberpunk in December and most costs related to it are part of the tax year 2020. At the same time, due to the release window at the end of the year and delayed reporting from our distributors which didn't come until the end of 2020 nearly one billion of CD PROJEKT sales could be invoiced and settled in 2021 and are part of our 2021 taxable incomes.

All in all - the consolidated net profit of CD PROJEKT Group reached 1 billion 154 million PLN.

To visualise it in a longer perspective - let's move to the next page. In financial terms 2020 was the best year in our history. However, taking into account the sentiment around the release and suspension on one of the major digital storefronts we are aware that the situation after the launch of Cyberpunk is not directly comparable to what we had after the premiere of the Witcher 3. Moreover, big part of the team is now focused on improving Cyberpunk and this influences both the costs of 2021 and the timing of our next releases. A lot of effort is also put into the next gen editions of both The Witcher 3 and Cyberpunk as we believe the next gen compatible versions will be crucial for the longevity of both games.

Let's move to the next page. The promised depreciation model for Cyberpunk.

Looking at the last 6 years of sales of The Witcher 3, deducting expansions as separate developments with separate depreciation schemes we saw relatively stable sales for the years after the release. Taking into account different and differently placed in time turn of events planned for Cyberpunk we assumed initial depreciation for December 2020 to amount to 40% of the total direct development budget. After that, for the next 5 years we plan to depreciate it evenly at 12% per year which is 3% per quarter. It is obvious to say that future sales will not be equal quarter to quarter. Sales will be influenced by new events - next gen edition, Edgerunners anime series and other activities - but still, when estimating the future we believe it is fair to plan this part this way. We thoroughly discussed it and came to the conclusion that today we have no means to better foresee the future. Time will show if the initial 40% and flat depreciation of 12% per annum was a good assumption.

Let's move to the next page - Our balance sheet - Assets side.

An important line among the fixed assets - Expenditures on development projects. Counting all the expenditures of last year and depreciation of 40% of Cyberpunk budget into P&L the total amount had increased by 5% over the last year. Please have a look on the next page on the changes we had here:

We started 2020 with 48 million zł on expenditures on finished development projects and 337 million on projects in progress. Over the last year we booked an additional 280 million for our developments - obviously a big part of that amount is attributable to Cyberpunk. During 2020 we finished projects with a value of 589 million PLN and reclassified them from work in progress to finished projects. Cyberpunk was responsible for 96% of this amount. The total depreciation of Expenditures on development projects in 2020 amounted to 259 million zł -

mostly Cyberpunk but also Witcher 3 on Switch, Gwent and Thronebreaker depreciation are counted in. The closing balance reached nearly 378 million PLN for finished projects and 29 million zł for developments in progress. One remark regarding the value of developments in progress. Obviously over the last year most of the team worked on Cyberpunk and in this process made sure that the game will also support future projects we planned to add to the universe. Such costs are part of the Cyberpunk finished budget and will allow other projects to benefit from them. This total value of projects in progress includes our multiplayer development and other projects unannounced yet. As you know, the initial phase of each project is always less costly than the final one when many external costs - like localisation or heavy QA - add to the budget. Moreover, this amount includes neither Cyberpunk Edgerunners anime production done in cooperation with studio Trigger nor The Witcher: Monster Slayer planned for this year and developed by studio Spokko which is not included in the consolidated results yet.

Let's go to the next page - our assets again.

The biggest change is visible in the receivables line. As the release happened at the end of the year a big part of our sales was reported to us in 2021 and had to be presented as open receivables as of the end of 2020. This increase - taking into account parallel growth of our liabilities - will fuel our cash flows in 2021. Regardless of that our financial assets - including cash, bank deposits and acquired T-bonds - marked in the table with a star - increased by 392 million PLN, meaning over 80% and reached a level of nearly 875 million PLN at the end of 2020.

All in all - our consolidated total assets position doubled over the last year and reached nearly 2,9 billion PLN.

Let's go to the next page - our Equity and liabilities.

First, Equity - again, it nearly doubled and the main driver for this was our result for 2020.

Going further - another important factor - the provisions - both long term and short term. First of all - provisions that decreased our Q4 sales revenues of Cyberpunk - there are 2 kinds of them:

- long term sales provisions in the amount of over 145 million zł - relate to the expected licensing settlements with selected distributors that contractually are to be done after four full quarters from release,
- other short term sales provisions - over 40 million PLN - which relate to adjustments of orders or licensing reports concerning Q4 sales, either already performed or agreed upon with distributors in the first quarter of 2021.

In 2020 we also announced the Help Me Refund program that is being paid out in 2021. To cover these costs we set a provision in the total amount of nearly 8,5 million PLN.

On top of that, as every quarter, we set provisions for compensations, mostly dependent on the Group's financial result. All in all 256 million PLN. The growth of this position reflects the growth of our net result for 2020 vs the previous year.

We also experienced some increase in short term liabilities and decrease in deferred revenues - a consequence of such a big event as the premiere of Cyberpunk.

We can now move to the next page - graphical presentation of our main cash flow drivers.

We started 2020 with 482 million zł of cash and bank deposits.

During summer we spent 214 million on our share buy-back program and shortly after got 126 millions of inflows related to the realization of our previous motivation program.

Our net profit for the period amounted to 1 billion 154 million zł and this result needs three major cash adjustments:

First, it included depreciation, and especially depreciation of our expenditures on development projects in the amount of 254 million zł which was a non-monetary cost.

Secondly it included revenues for preorders and advances from distributors booked before the 1st of Jan 2020 - hence correction for the change of deferred revenues in the amount of over 113 million zł.

And thirdly, due to the December release of Cyberpunk not all of the revenues and costs included in our profit and loss calculation for 2020 were either paid to us or by us before the end of 2020. Hence the correction representing the big increase of the total balance of trade receivables less the trade liabilities & provisions in the amount of 574 million zł. This is the amount that will add to our cash flows of the future periods.

Throughout the whole last year we also kept working on our development projects - 203 million PLN was expensed in cash on that.

All in all at the end of the year we had nearly 875 million PLN in cash, deposits and T-bonds we acquired in 2020 during the pandemic time to diversify our financial assets. Taking into consideration the previously mentioned open balance of our short term receivables it goes without saying that our cash position further increased in Q1 along with Q4 royalties payments.

And this leads us naturally to the next page - our dividend proposal.

Keeping in mind our current cash position, planned expenditures and investments, today the board of CD PROJEKT recommended to the General Meeting to pay out a dividend in the amount of nearly 504 million PLN. We believe it is the most straightforward, instant and democratic way of sharing the success with all the shareholders on the same terms.

That's all from my side. Now we can move to the Q&A section.

Q1: Good evening. I've got three questions. First of all, I wonder if you could help us out on the revenue per unit that CD PROJEKT achieved from Cyberpunk unit sales. I think you said in the past that digital revenue per unit for you would likely be roughly double the physical RPU. Was that the case in the end? When I think about digital RPU, with Ubisoft that was something like 35 Euro. Why would it be different for CD PROJEKT when we're modeling digital RPU? Second question: could you give us any indication concerning unit sales of Cyberpunk in Q1? And third question – looking at the costs for 2021; I think you're being clear on lower depreciation; selling costs should likely be lower. Could you give us any other color on how we should model cost in 2021?

PN: So, starting with the first one. Since the time of release of The Witcher 3 a number of things have changed. First of all, the easy part – the digital distribution. Historically, from all of the digital storefronts, royalties were at 70%. Some time ago Steam changed their policies and for revenues exceeding 50 million dollars royalties can be increased up to 80%. As Steam is a major digital distribution platform, this obviously increases our revenue per copy. For all other digital distributors, the standard 70% is still in force. Secondly, the proportion between physical and digital sales changed substantially since the release of The Witcher 3. Right now, we have sold much more via digital channels, while physical channels account for a minority of sales. With The Witcher 3 the opposite was true. Keep in mind that while publishing a game we cooperate with physical distributors who execute the marketing campaign locally on every market, and the costs of local marketing campaigns are usually deducted from our royalties as part of deductible costs in the royalty calculation on the distributor's side. Therefore, a smaller part of the market – physical sales – was supposed to cover the whole of Cyberpunk marketing, which was even bigger than with The Witcher 3. This naturally influenced the average revenues per copy from physical sales that we achieved last year. Obviously, most marketing costs were borne last year and this will not be the case in the quarters to come; however, last year this visibly influenced the average revenue per copy – at least with respect to physical copies sold. We did not reveal precise data; to be honest I did not prepare a calculation of average global physical revenue per copy from the CD PROJEKT perspective as this varies from territory from territory, so I'm not able to share this.

The second question refers to unit sales in the first quarter. It's a very good question, but I'd like to invite you to our Q1 conference, which will take place in approximately 1 month – we

will be able to share more details on that; probably not a precise number of units, but more details. In general, I would say that the sentiment surrounding Cyberpunk and the situation with the Sony digital storefront – the fact that we were cut off from a large portion of the market – may have also indirectly affected gamers’ decisions to purchase the game on other platforms, and definitely influenced sales. We’re still waiting for most royalty reports from our partners, and full knowledge will be gained in the beginning of May. And the third question – costs for 2021; lower depreciation; lower selling costs – yes; that’s quite clear; the depreciation was explained precisely on one of the slides of my presentation. Selling costs will also be lower; I also mentioned the part of the team that works on improving Cyberpunk – their remuneration and costs related to their work will not be capitalized since this project is already released. Such costs will go directly to our P&L; that’ll also influence our selling costs in 2021; especially at the beginning of the year. Still, the marketing expenses were mostly covered last year. We do not provide more precise guidance, so I’m afraid I can’t answer in more detail or provide any numbers, but I think Q1 would be a good prognostic for the remainder of 2021.

Q2: Hi guys. Couple of questions from me. The first – your depreciation schedule is very useful, this year it covers about a quarter of the costs in 2020. What would be the reason for us to assume that you’re forecasting a quarter of the revenues for Cyberpunk in 2021 compared to 2020? Is there anything that’ll come on top of that – such as the next-gen release? The second question: you have the next-gen version coming up. In terms of lead time for testing gamer perception – could you tell us what you’ve learned from the old-gen release that might lead to changes in the next-gen release?

PN: The depreciation schedule is, as you see, somewhat symbolic. It’s really hard to predict future sales, but as for things we’re doing this year that will influence sales – we’re improving the game further and this should also lead us to a return to the Sony storefront; that’s something we are looking very much forward to. Secondly, we also announced three DLCs for gamers – that’s something we have in our pipeline for this year. And the third big event this year is the next-gen edition of Cyberpunk, planned for the second half of this year; I believe this should also have a significant influence on sales and the general atmosphere around Cyberpunk.

Michał Nowakowski (MN): Hi; regarding the second question – the next-gen release and whether anything has changed compared to the December launch of Cyberpunk. As we’ve stressed – we are going for a lot of changes inside the company and we believe we’ll be taking a lot of [inaudible] from that, so yes, of course, the time for testing next-gen CP will be sufficient; that’s one of our top priorities for that release.

AK: And I can say that we are implementing those agile methodologies – of course, this is just the beginning – but we’re working with a live game, and we’re trying to judge the effect by

sprints so it's a first step in changing our methods, and the next-gen edition is the first project that accompanies this change.

Q2: Would there be any mass testing prior to release, or will it be like before – that everyone plays it the first time upon release?

AK: We're not releasing the game to gamers before the official release. So, the game will be released to gamers on release date, but we're working with external professional contractors responsible for testing – so there are forces in place to run as many tests as needed.

Q3: Two questions. Firstly, I want to understand the point about tax. Not sure why you wouldn't have a deferred tax item to cover tax which you expect to pay next year. Are we meant to assume that the percentage rate would move up to above the normal 5 or 10% rate next year because of this delayed effect? And secondly – I appreciate that you're not giving forecasts for the year, but whatever the level of sales this year was – what would you expect the quarterly pattern of that to be? What would you regard as significant events – restoration to the PlayStation Store, arrival of more DLCs, or a relaunch of the game alongside the next-gen version? And regarding the perception around the game – what's your strategy to get reviewers to look at the game again and perhaps revise the scores? How will you try to get people to look afresh at the game? Thank you.

PN: I'll take the first question. It was probably the most complicated tax calculation in our history. The result presented in P&L comes, first of all, the fact that we're allowed to apply the 5% IP BOX regime, which, naturally, significantly decreases taxes – down to 5%. Secondly, we also obtained significant R&D tax relief. The cumulative effect of these two factors was to lower our tax due for 2020. We hope to be able to keep applying them in the future – the 5% IP BOX regime will naturally apply to future sales of our eligible IP rights and as long as the law doesn't change, we will be able to benefit from it – but as far as the R&D relief is concerned, it has a certain cap; once we exhaust it, our taxes will naturally increase in the future. When – that depends on future profits and when that R&D relief cap is consumed by taxable profits. As far as deferred tax calculation is concerned, that's supposed to "absorb" the differences between booked profits and taxable profits. In our case, the cumulative effect of applying the IP BOX regime to eligible revenues, and our other business activities, acknowledging the withholding tax deducted by our distribution partners from royalty payments due to us, led to this relatively low tax value in our 2020 P&L account. In the longer term, this value should naturally increase. I'm not sure if I've answered your question with sufficient precision, but that's all I can tell you at the moment.

Q3: OK, it seems what you're saying is – increase to 5% and not necessarily above it, due to the gradual use of R&D tax relief, yes?

PN: Once we consume the entire R&D relief, part of our income will be taxed 5% and part will be taxed 19%, so the long-term average should be between these two values.

MN: I'll take the second and last question. Regarding significant events that might influence sales – from what I've heard you say, I think you pretty much identified most of them. The PS Store comeback could be such an event, for sure, as can the release of DLCs and the next-gen edition. We also believe that every patch and fix is, to a certain extent, such an event as well. In the future there'll also be expansions and so on. The last question – was it about Cyberpunk only, or was it about The Witcher as well?

Q3: It was about Cyberpunk, really. Is there a concerted effort to get people to look again, re-review the game and relaunch it at a particular point?

MN: The strategy here is pretty simple: continuously keep working on the game and improve it – this is really the only strategy: to ensure that people have high quality content to play with. This is something we're very keen on delivering in the months and years to come. That's pretty much it.

Q4: Good evening. The first question on the number of developers: the pace of developer additions seems to have slowed down in 2020 compared to 2019 – in absolute and relative terms. Could you give us a bit more color on the reasons behind that? Is it just a slower pace of hiring or higher churn in 2020? You haven't mentioned how it's trending this year – so far. The second question on the share of PC units sold through GOG.com. From the numbers for GOG, seems like that might be quite a bit lower than what it was for The Witcher 3. Is there anything you can say on that? And finally – in the report you give quite a lot of detail on the publishing teams that you have in-house, and you've talked about the net revenue per unit. Do you see the publishing team expanding in the future – for example to take a larger role in global distribution and marketing? Thank you.

AK: I'll take the first one. Last year the churn was very low, as always before a release – below 10% as far as I can remember – this year, we don't know yet. We'll see – but the year following the release is the natural "transfer window". Of course we don't hire people for specific projects only – we want them to stay with us, the longer the better; however, some people may want to change studios after finishing a project. That's the natural timing. But we'll see. After the release of The Witcher 3 the churn rate during the following year was close to 20% - but we don't have date for this year yet. So far, so good. We're still ahead of bonuses – we'll see after that. We have many ongoing initiatives which aim to mitigate losses, that's one of the major HR tasks for this year. Of course we're speeding up hires; last year we had to suspend hires; we were focusing on finishing the game – so hires were extremely limited – but this year we've already started to ramp up recruitment.

PN: I'll take the second question – about the share of GOG sales in our total sales. Honestly, I don't recall what the GOG share was upon release of The Witcher 3. It's really hard to compare – my intuition says that GOG was even stronger this time, but that's based only on my intuition as I don't have hard data in hand. As far as Cyberpunk is concerned, GOG accounted for 9.6% of total PC sales – so that's nearly 10% of the total volume of PC purchases in 2020.

MN: As for the third question – whether we are planning to assume a more dominant role in global marketing and distribution – well, our role in global marketing was actually pretty crucial with Cyberpunk already; we controlled – from our HQ and through our local teams around the world – the entire campaign. So, other than adding more local teams there isn't much more we can do in terms of marketing; even media purchases were much more centralized than they had been before. I think we're pretty much there – perhaps minor tweaks may be happening, but that's that. In terms of distribution, we handle all digital distribution directly; that's been the case for a long time now. Regarding physical distribution – if that was your question – we don't have plans to engage with that directly, so in this aspect we plan to continue to rely on external partners for servicing any future physical units.

Q5: Hi; I have three questions. The first: can you have another go at explaining the online elements that you're going to introduce and why are they different to multiplayer – what they actually are, and when. I noticed that you've got bonuses planned, and you've allocated a full 20% of net income to bonuses – so it's a question about management compensation; can you confirm that roughly half of that goes to the Executive Board – the director team – and why do you think that's appropriate given what happened? Will you be rebasing your share scheme that you introduced a few months ago, with pretty significant targets – those obviously look astronomical now given what happened to Cyberpunk, so will you be revising those targets downwards to try and retain management, or is that not something that you feel is necessary?

AK: Hello. In terms of online – well, we are not revealing details of our plan other than that instead of releasing a big online game all at once we decided to – in terms of large teams and large budgets – to focus on single-player games, but at the same time we continue working on multiplayer and will release it step by step, as online elements in our single-player games, learning from each element. Of course it will take more time, but we believe it's less risky for us given that we should still focus on single-player games to prove ourselves again. I know it's not a precise answer, but that's what I can share. Regarding bonuses – yes, it's close to 20% and it has always been like this; nothing has changed recently. Close to half of it goes to the Management Board. Our compensation was always directly linked to net earnings – that's the money the Company earned. Higher net profit means higher bonuses; that's been the case historically. When there are results, we get bonuses – those are the contracts we have – and that's all I can say at the moment.

Q5: And are you going to be rebasing that share scheme and the targets in the future?

AK: It's too early to say; we can't do everything at the same time – it's a long-term incentive plan. We'll come back to this some time after releasing our yearly results. We'll assess where we are and whether any changes in this regard are needed – but we haven't started this process yet.

Q6: I just want to ask if you could provide information about the recent hacking attack; do you still continue to be affected by this? And secondly – thanks for the details on the Help Me Refund campaign. Is there any further comment you could provide on the total number of copies that were refunded?

AK: The first one was about the cyberattack, right? The case is closed on our end; the only consequence was that we had to restore our systems. There was no loss of data; everything had been backed up, but restoring the systems took us between 2 and 3 weeks depending on the department. So that was the real cost on our end. We can't share any details about the attack because it's now a matter for the police, but we can say that the attack vector was a vulnerability in third-party software; none of our own systems were compromised. It's hard to prevent this kind of attack. As for the Help Me Refund campaign – I'm not sure if I understand the question. Are you referring to the total amount of payments going out that we're processing or the percentage of payments already processed? As for the former question – we didn't reveal the precise number, but we did reveal the associated provisions, which amounted to 8.4 million PLN. This also covers all processing costs – transfers, etc. It's relatively easy to calculate, taking the average global price of Cyberpunk; it works out to approximately 30 thousand requests. As far as the execution of this action is concerned, I can tell you that over 95% of payments have already been processed. The last single-digit percentage – probably around 5% - is the most difficult part; please consider the fact that we're refunding people all over the world, working with different banking systems – and it's not an easy task. But as I've said; the vast majority of refunds have been processed and we are working to wrap up the campaign.

Q7: Hello again. Two questions. One – just following up on the refund point; I see the relatively small provision for the Help Me Refund process. Are there any other liabilities outstanding from refunds specifically – as opposed to contractual agreements to pay distributors, etc., that were explained in the accounts? Is there any money to flow out after the end of 2020? Any significant sums? The Help Me Refund number in its own right is – as you say – very small. And my second question: I think you've said that 530-odd people were working on Cyberpunk at the peak – and 700-odd developers implies a couple of hundred working on other things; I guess that includes multiplayer/online, so Cyberpunk in another form – but is that the correct maths? What would that look like today in terms of "Cyberpunk vs. not-Cyberpunk"? Thank you.

PN: So, the first one – regarding provisions on retail sales. As you saw, all our retail sales are done via distributors, and that’s why the vast majority – nearly all – of our provisions concern our contracts, settlements and cooperation with distributors. Help Me Refund was an exceptional affair where we directly interacted with gamers, and it’s the only such campaign – there’s nothing more on top of it. Obviously GOG is involved in retail sales, and GOG has its own policies on returning games, but its contribution in this scope is not substantial in terms of our revenues – obviously the game is available in all PC digital storefronts; if any gamer decides to return it, this is factored in the calculation of monthly royalties, with every digital storefront submitting reports, and the balance of sales vs. returns is used to calculate royalties. To put it simply – nothing on top of what we’ve reported.

AK: I’ll take the second. So, the first comment would be: we are undergoing a shift, but regarding the Cyberpunk development team, the vast majority is still working on Cyberpunk. Close to half of it is still working on the game itself – patches, updates, next-gen edition – it’s the same process; of course we have branches, but the next-gen edition is part of the same process. There are also teams working on further content for Cyberpunk; there’s a team working on “the next thing”, and there is the GWENT team, as well as the Spokko team. So when we talk about the total number of developers, we mean GWENT and Spokko as well. There’s also a multiplayer team, which – in some part – is not that easy to disaggregate from the Cyberpunk team itself, because some work related to multiplayer is also useful in single-player gameplay; so the edges are a bit blurry – but the multiplayer team is – well, maybe not very big, but it will continue to work on things it’s worked on for over two years. I know this might be a bit vague, but as I’ve said, the numbers are changing and we’re going through a major shift.

Q7: Thank you. I’ll ask an additional question, if I can. That five-year depreciation schedule – what should we make of the fact that you’ve chosen 5 years? Or to be blunt – does that mean that Cyberpunk 2078, so to speak, comes out in the 6th year?

PN: [chuckle] No; that’s an assumption. In the case of GWENT we opted for 3 years, and that obviously didn’t mean that were going to close GWENT after 3 years. With The Witcher 3 we now have results covering the full five-year period, so that was very helpful in modeling and checking the logic behind the scheme we set for Cyberpunk, but as you know – we keep selling our products longer, so the five-year scheme was just a concept we settled for. Depreciation of this Cyberpunk game has nothing to do with any potential future product. Those are separate assets and they need to be depreciated depending on assessments related to those particular products.

AK: Thank you very much; now we'll start to answer questions which were submitted in written form online. The first question is: What is the split of Cyberpunk marketing covered by CD PROJEKT directly and covered by distributors and deducted from revenue?

PN: The distributors covered more than a half of these budgets, but still – our participation measured in percentage points was visibly higher than what we had for The Witcher 3. We are not disclosing precise data here, so I cannot go into more detail, but I hope that's sufficient guidance.

MN: I can see there's another question about the return to the PlayStation Store – how far are you from restoring Cyberpunk to PS Store? – so the answer to this is: we continuously work on various improvements and patches, and every time we release something, that brings us closer to a return to that store. The final decision is in Sony's hands. When the time comes, we'll share more news – of course.

PN: What was the Stadia share in sales? We are not disclosing, but obviously most of the sales attributed to PCs and Stadia come from PCs and from such important players as Steam. So – Stadia sales are obviously not to be compared with such a large portal. That's all I can say.

PN: Could you comment on differences between sell-in and sell-through levels for the fourth quarter of 2020? Were these differences significant, and could you explain how they impacted your revenue and price per copy in Q4 and Q1? So, we haven't revealed any numbers on sell-in; we believe it's rather irrelevant in this situation. From our perspective what's much more important is how many gamers have purchased the game. As far as the difference between sell-in and sell-through is concerned, any unsold copies are potentially to be returned to distributors. We recognized provisions for such situations in our P&L statement for 2020, to compensate the difference between the two figures. Obviously, not entirely – as the game is still selling – but when setting these provisions we forecast future expected sales, and we looked at a longer perspective; the provisions are there to compensate for revenues on unsold or overshipped units.

AK: I'll take the next one: does your shift towards the agile model in game development involve hiring new people experienced with working in such an environment? Could you share more details on the process? So - the three main forces involved are as follows: first, we are partly experience in this area because we had gone through this with GWENT. It is, however, a much smaller project, so changing to agile in a team of 100 is much easier than in a team of 500 – but it was successful and it took us about a year. Those who managed this process are now experienced with it, and they've moved to shift the whole studio to agile, and can help with this process. Our new CTO, Paweł, is experienced in this as well, so we have internal knowledge and experience – and one more thing: there were also a few Cyberpunk teams who had been using agile for quite some time. So, first – our own experience. Second – we

have contracted, for as long as needed, an external professional Polish agile group – agile coaches, professional scrum masters, and they are helping us. And thirdly – we are consulting with large organizations that had gone through such an experience, are sharing knowledge and can provide insight on how to run this kind of process in a fairly big organization. This is, in fact, the main challenge – the way in which agile affects such a large group. It will definitely take some time – it's about constant improvement, but we'll need a year or two. Still; we have already started; some teams working on the next-gen edition are already using sprint, and first effects are very promising.

MN: Are you planning any bigger marketing campaigns to accompany the release of the next-gen update for Cyberpunk? The answer is – yes, we are definitely planning a bigger marketing campaign for the launch of CP2077 next-gen. It is a launch, after all. However, the question seems to be about whether this will be a campaign similar in scale to what we had at the end of 2020, in which case the answer is – no. That campaign focused on establishing the brand, and that has been achieved – so now we're going to focus on informing the players about the fact that the game is launching on next-gen. So, it will be bigger than our regular actions accompanying, say, promotional activity in some digital store, but will definitely not be as big as the launch at the end of 2020 in terms of costs.

PN: The next question – could you please confirm the percentage of 55% of the PLN 1.2 billion budget for Cyberpunk being attributable to the production costs, of which 567 million related to development and the rest to overheads allocation? – Yes, so, first of all, 567 million – this is the direct development budget; the budget that was required to create the game. However, in order to publish the game, we also need to spend certain amounts on overheads – all of the overheads at our company are allocated to specific projects. Among them you can imagine overheads such as legal departments supporting the release contractually, production departments, the business development department and other team members who were part of this production and release not directly on the development side and not directly on the marketing side; however, they should be linked to the whole process and the release of the game.

PN: What part of the team currently works on repairing Cyberpunk? Roughly what part of development costs will not be capitalized and will go to sales costs? – It's too early to talk about 2021; we don't want to reveal it, but as I've already mentioned – a big part of the team is still working on improving Cyberpunk; that's approximately 40% of the team. That's the current status. Over time, we believe this team will become smaller and less effort will be dedicated to improving, patching and updating Cyberpunk – but as we said: we will work on it for as long as necessary. That's not something we plan to finish 1 or 2 weeks from now. We definitely want to make Cyberpunk as perfect as possible.

PN: Are you planning to keep distributing dividends? Going forward with your planned investments in business development, M&A, hiring, parallel development etc. leaves little room for future dividends. – We'd like to remark that we do not have a regular dividend policy. In the Board's opinion, for a dynamically expanding company which focuses on a strongly competitive market segment and whose financial requirements and earnings are both dependent on cyclical videogame development projects and the popularity of videogame releases, the appropriate approach with regard to profit sharing is to evaluate the Group's financial standing, business plans, challenges and requirements on a case-by-case basis – and that's exactly what we did this time.

AK: Keeping in mind the intensity of M&A transactions in the gaming sector – do you still maintain the option that you rule out the possibility of CDR being acquired by another entity? – Nothing has changed in this regard. We run our business independently, and – as for now, at least – we see no profit from joining a bigger group. Of course we've said we're more open to M&A, but only "on the other side" – we are more actively looking for teams that can help us execute our strategy. That's important; we're not simply adding third-party businesses to our Group, and it's more about building the Group to execute our own strategy.

PN: Have you created provisions for litigation. If so – how much? If not – why not? – The answer is simple: we disclose all provisions we've made, and we do not have any provisions for litigation. We are at a very early stage, before a motion to dismiss, and please note that no amount of expected compensation was revealed by the plaintiffs in the letter we received. At this stage, we've consulted an analyst and it's not applicable to make any provisions at the moment.