

**Adam Kiciński (AK):**

Good afternoon.

Welcome to the teleconference on CD PROJEKT Group's financial results for the third quarter of 2021. I will run this presentation together with Piotr Nielubowicz, Member of the Board and CFO. Michał Nowakowski - Member of the Board and SVP for Business Development will join us for the Q&A session.

The webcast of the presentation, along with the audio feed, are also streamed on our corporate website [cdprojekt.com](http://cdprojekt.com), and on our IR Youtube channel.

Let's begin with slide 2, where you'll find a chart presenting the allocation of our development team to ongoing projects.

As you can see, a gradual shift to new projects is taking place, especially as more and more developers join the team working on the expansion to Cyberpunk.

However, even though Cyberpunk has already been significantly improved, which is reflected by the increasingly positive sentiment surrounding it on Steam, we're still working hard to improve gamers' experience with the base game. At the same time, we're focused on delivering a high quality next-gen version of Cyberpunk.

Moving on to slide 3 - I'd like to confirm that both the internal Cyberpunk team and the Saber team working on the next-gen version of The Witcher 3: Wild Hunt are on track to meet the announced target release dates for their projects. We'll share more details on both releases next year.

Getting back to GWENT - please have a look at slide 4.

As 2021 marks the 5th anniversary of GWENT, we've decided to make some necessary adjustments to the game's operations.

We'd like to remain as flexible as possible - that means GWENT will receive new updates and content drops regularly, while at the same time part of the team can support other projects at the studio.

When it comes to future plans for the game, we're going to share more details during GWENT Masters Season 3 finale on the 5th of December, so stay tuned.

Now let's move on to slide 5.

As you well know, the Witcher: Monster Slayer, a location-based AR mobile game developed by SPOKKO launched in July, receiving high user scores on both Android and iOS. Having ensured its high quality, our major goal right now is to improve retention and monetization mechanisms in the game.

Along with the newest update to Monster Slayer, on November 24th we introduced a more effective live ops system that we believe will encourage more players to have fun within the game.

Moving on to slide 6, just a quick reminder of the two acquisitions that took place in the recent months.

As you well know, in July we acquired Digital Scapes - a Canadian studio based in Vancouver that we had been collaborating with for several years. It is now our fourth development studio, after Warsaw, Kraków, and Wrocław. In addition, in October we joined forces with a Boston-based studio built by industry veterans - The Molasses Flood.

Both acquisitions enable us to actively tap foreign talent pools, creating entirely new opportunities for growth. CD PROJEKT RED Vancouver will support the studio with its skills and expertise while working on current and new projects. As for The Molasses Flood it will work closely with CD PROJEKT RED,

developing its own, unannounced project based on one of our IPs. Our plan is to grow both studios dynamically in the coming years.

Now let's sum up the financials for the third quarter of 2022. Piotr, the floor is yours.

**Piotr Nielubowicz (PN):**

Thank you, Adam.

In this part of the presentation, I will guide you through our financial results for the third quarter of this year. Let's start with the Consolidated Profit and Loss account. Slide 8.

In total our Sales revenues reached 144 million zloty – which is 38% above the Sales revenues of the third quarter of last year. Most of the sales were based on our own products. We achieved 104 million zloty here which is 68% above the comparative quarter of last year.

Cyberpunk was the most important source of revenues this year and most of its sales continued to come from digital channels.

Revenues from Sales of goods and materials amounting to nearly 40 million zł slightly decreased. But their main driver – GOG digital sales – actually increased by approximately 6%.

Costs of products and services sold amounted to 23 million zloty. The growth vs last year comes mainly from 17 million zloty depreciation of historic expenditures on development of Cyberpunk – non-existent in our P&L for the comparative period of 2020.

What is also worth mentioning is that this was the last quarter of depreciation of initial expenditures on development of Gwent and Thronebreaker. Starting from this Q4 this will result in lower costs of products sold by approximately 5 million zloty per quarter.

At the same time costs of goods and materials sold – which came mostly from GOG – remained at a stable level.

All in all, our gross profit from sales reached over 91 million zł – which was by one third more than a year ago.

Moving to the operating costs: during the third quarter of this year our selling costs increased to 55 million zł. The increase was mainly driven by Cyberpunk servicing costs in the amount of 17 million zloty as a large number of our developers and testers were working on updating the game. We plan to release the next update together with the next gen edition in Q1 next year. Even though the amount we dedicated to servicing Cyberpunk in Q3 is still substantial, it is declining quarter by quarter since the release.

G&A costs also increased vs last year. Among others, we included in this position some of the early project research phase costs in the amount of 4 million zloty as well as close to a 9 million zloty charge due to our incentive program. Since this charge is based on actuarial valuation it is of a non-cash nature.

All in all, our net profit for the third quarter of this year reached 16 million zł. As GOG posted negative results, a net profit of 21 million zloty was generated by CD PROJEKT RED.

Regarding GOG – its performance does present a challenge and recently we've taken measures to improve its financial standing. First and foremost, we've decided that GOG should focus more on its core business activity - which means offering a handpicked selection of games with its unique DRM-free philosophy. In line with this approach, there will be changes in the team structure - some GOG

developers who have already been working on online solutions used mainly by the studio will transfer to CD PROJEKT RED.

Furthermore, at the end of this year GOG will leave the GWENT consortium. This means that it will neither bear its portion of expenses nor obtain the corresponding share of revenues associated with this project.

Alongside all these changes, we initiated reorganization of GOG's operations. We believe that all of the changes we're introducing will allow GOG to focus more on its core business and improve its financial effectiveness in 2022.

Coming back to the group results – although Q3 has never been my favorite quarter I would like to present it in a longer perspective - let's go to the next slide – number 9. The total height of each of the bars represents revenues for each of the third quarters. Revenue-wise this was our best third quarter ever.

From these revenues we covered our costs and expenses – marked grey – and earned our net profits - marked blue. However, this year our cost structure was different than before. Please go to the next slide.

Substantial costs were either driven by time limited activity – like the Cyberpunk servicing expenses marked green and early phase research costs marked red. The latter are actually in a way an investment into our future products and sales. Also some new substantial costs were of a non-cash nature – like the Cyberpunk depreciation costs marked yellow.

Let's now move to the next slide – number 11 – Our consolidated Balance sheet.

Over the third quarter of this year our balance of expenditures on development projects remained stable. Our investment into development of future products accounting wise was similar to the released products' depreciation. But at the same time our receivables decreased from 248 down to 166 million zloty which is natural after the seasonally stronger second quarter.

At the same time our long and short term Other financial assets increased in line with our purchases of t-bonds as a way of diversifying our financial reserves. The total value of t-bonds, cash and deposits included in the positions marked with a star is summed up under the Total assets table to the amount of nearly 1 billion and 185 million zł as of the end of September. This means that our financial reserves increased by 55 million zloty during the 3rd quarter.

CD PROJEKT Group's equity increased over the third quarter of 2021 mainly due to the retained profits for the period and capital bookings related to the Group motivation program.

Among Liabilities our trade and other liabilities increased by 21 million zloty whereas the level of provisions decreased by 49 million zloty. This was mostly driven by the consumption of the previously set sales provisions.

I haven't elaborated much on the expenditures on development projects so now please go to the next page number 12. CD PROJEKT RED's expenditures on Research, Development, and Service of released games quarterly, so this is a continuation of what I was presenting during our previous calls.

The yellow part represents our total costs of servicing our released games – mainly Cyberpunk and Gwent. As I mentioned before, the amount dedicated to Cyberpunk continues to decline this year. At the same time the proportion of the team and therefore the total expenditures related to future projects keeps growing. It is represented by both the green slice – early phase research costs - and the

blue part – actual development of new projects. This is in line with what Adam was presenting just now regarding the involvement of our team.

And finally – our simplified cash flow on slide 13.

Profits for the period were supported by the nearly 89 million zloty reduction of receivables. In cash terms we expensed 26 and a half million zloty on development of new projects while the non-cash book depreciation of historic expenditures on released products reached nearly 23 million zloty. All other flows and changes are below 10 million zloty. Among others this amount includes payment of the purchase price for Digital Scapes – currently CD PROJEKT RED Vancouver.

Altogether our financial reserves increased by 55 million zł up to 1 billion and nearly 185 million zł in cash, bank deposits and T-bonds as of the end of September 2021.

That's all from me for now – thank you for your attention. Let's now move on to the Q&A section.

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**Q1:** Good evening guys. I've got sort of three questions – one question, and another two-parter. First of all – if we look at the Cyberpunk depreciation and the Cyberpunk service line in Q3 on slide 10, we know that the depreciation line will continue at this level every quarter for another 4 years, I believe? What about the Cyberpunk service line – you're working hard to sell CP units, and we're trying to model your unit sales – should we continue to expect something like this for the CP service line? In other words – should we continue to expect these two cost items to continue at these sorts of levels for quite a while? And the second part – we can see that CP77 has been priced very low in Black Friday promotions – numerous examples of that. So, two questions: first of all, after people have seen those prices and gotten used to that, is it possible to get CP back to even as much as a \$50 sticker price? And the second question – given that you guys aren't really chasing volume to get in-game revenue like Ubisoft or EA – how much of those discounts do you take part in and sanction? How much is just about retailers taking a hit on the price?

**PN:** So yes, the depreciation of past expenditures on CP development will remain with us over five years following release – so four years still remain. This depreciation is expected to remain flat, at the level of 3% of the game's total budget per quarter. This is unlike expenditures on servicing the game. Obviously we'll keep servicing the game for as long as necessary; however I strongly hope it will not take five years. As I mentioned during my part of the presentation, this amount was already decreasing quarter by quarter during the current year. Right now we're in a special moment, heading towards the release of the next-gen edition of CP, so some of the servicing expenses are also dedicated to the next patch that will be out together with the next-gen edition. A substantial part of the team continues to work on it. Obviously, after the release of the next-gen edition, there will still probably be some work to be done, however, naturally, I would expect that after that the level of servicing expenditures related to CP will decrease substantially.

**AK:** I'll take the second one. So, first and foremost, we're focused on bringing back the sentiment – that's our first goal. Price matters, of course, but the more gamers play CP and the more fun they have, the better the future this franchise has. Regarding pricing, we're not planning any moves in the near future. The next-gen update will be for free for all who had already bought the game on last-gens. The price of the next-gen version will be the same as the price of the current version, as this update is for free. Of course, having more content – especially expansions – will allow us to offer new editions, but

it's too early to talk about it. Of course, we're thinking about stabilizing prices, but first and foremost, we have to bring back good sentiment around the game.

**Q2:** Good evening everybody. The first question is a quick follow-up. When you say that you're stabilizing the prices and that will also apply to next-gen, do you mean stabilizing at the current level that we see on the various platform, or do you mean stabilizing it by getting it back to the original price of \$60? Could you clarify that? Secondly, in the quarter obviously the sales have missed people's expectations – was that due to units or due to price, or was it a combination of the two? And lastly, regarding expansions – I guess you still intend to release an expansion at some point in 2022? Can you clarify that this is your current intention?

**AK:** I'll take the first one. You can see a number of promotions involving CP now – not just around Black Friday. Some of them are arranged with us while others are independent activities on the part of retailers. Once the next-gen edition is released, we can stabilize the price in terms of promotions, but we are not going to raise the price with next-gen. Once we get closer to the release of the expansion, we will be able to discuss what our pricing policy might be after that release – but it's too early to comment now. I can also take the third question – we haven't said anything about dates or the scope of expansions, so I don't want to pre-announce what is going to be announced once we're ready.

**PN:** Regarding comments on external expectations concerning our sales – honestly, it's hard for me to comment whether any particular difference in such expectations comes from this or that factor. There are, however, two things I'd like to point your attention to. First, Q3 is always among the weaker quarters of the year, and secondly, most of the sales we generate come from digital storefronts. Our distributors ship a sizeable number of units on release, and thereafter no additional revenues are recognized by us for this part of the market. Therefore, what we can book into our current results are mostly reports collected from digital distributors.

**Q2:** One quick follow-up – could you explain your restructuring of GOG? Does that mean we're going to see sales from that product line decrease in P&L over the next few quarters? Could you give a bit more color on what's going on at GOG?

**PN:** No, the restructuring of GOG is rather to allow the team to focus on its core business, so GWENT operations will no longer be co-hosted by the GOG team; the entire operation will shift to CD PROJEKT RED. We have also decided to move some processes related to online features used mainly by CD PROJEKT RED directly to CD PROJEKT RED, and at the same time we reorganize Company operations internally as far as the back office of GOG is concerned. So, this should not have any direct influence on GOG sales of our own or external products.

**Q3:** Good evening. First question – on the sales of The Witcher franchise in total. Could you give us a directional comment – was it below last year's level? Then a question about the promotions you're doing around Black Friday. Apart from the price promotions, is there a significant marketing cost component related to that? I'm talking about paid media marketing – above what you did for the summer sales? And finally on GWENT – you mentioned you were rescaling the team. Right now the developer allocation to GWENT is quite considerable relative to revenues – if I understand correctly. Would this materially change in the future? Thank you.

**PN:** I'll take the first one. Sales of The Witcher in 2021 were below 2020 results. I believe this was due to three major factors. At the end of 2019 we released The Witcher 3 on Switch – so that was a relatively fresh release in 2020. Secondly, 2020 – especially the first half of it – was strongly supported by the pandemic situation, and this effect is not that visible this year. And thirdly, at the end of 2019 there was the launch of the Netflix Witcher series, which extended the potential audience and

recognition of The Witcher universe; this, I believe, also supported sales of The Witcher 3. This year there wasn't much happening in The Witcher universe from our side; however, as you know, we are focusing on releasing the next-gen edition, which I believe will be an important step in the history of this game.

**AK:** I'll take the second one. As for extra costs related to Black Friday – I'd say no, they're close to 0. We have some constant outflows from marketing activities, but there were no extra costs associated with this or that promotion.

**PN:** With GWENT our primary goal is to optimize the game based on our experience from 5 years of operating the game. GWENT is already available on several hardware platforms, with no need to further invest in this direction, and right now we want to focus on the quality of experience provided within the game itself rather than on the extensive approach to technology. At the same time, we want GWENT to be flexible - enabling us to use part of its team in other projects underway at RED while ensuring that the game continues to receive regular updates and content drops. So, the goal is to reduce costs allocated directly to GWENT, but to continue supporting it with new content and releases.

**Q4:** Good evening; I've got three questions. The first one – could you explain why your income tax for the quarter is so low compared to last year; basically at 0? Secondly – there was an article last week about CP performance on Steam – is it a fair takeaway that the situation is improving on the PC but there's still a major struggle on consoles? Thirdly – with all the news about COVID resurgence, are you back to your studio? Do you continue to work from home, or are you trying to get everyone back to their offices? Thank you.

**PN:** I'll start with the first one. The tax amount visible in the P&L statement is a combination of taxes calculated by CD PROJEKT RED and GOG.COM. As you may know, at CD PROJEKT RED, most of our revenues qualify for the IPR tax rate of 5%. So, this positive tax figure at CD PROJEKT RED was relatively low as part of it was subject to a lower rate – unlike GOG, which posted a negative result and was therefore allowed to create a negative tax provision based on a rate of 19%. So, the smaller negative profit figure multiplied by 19% at GOG canceled out the combination of higher gross profits but lower tax rate at CD PROJEKT RED. Therefore, the aggregate figure for both segments is only slightly above 0.

**AK:** I'll take the second one. The situation is improving on both PC and consoles. It's more visible on PC as quotes are updated daily by Steam, but we see an improvement in the sentiment surrounding CP on every platform.

And the third one – COVID and home office – we have an internal commitment that we'll continue with home office for those who wish to work from home at least until mid-next year. We are also discussing and analyzing future models. Our idea is to chart our own path based on internal and external research, to propose an optimal model for the group and then to iterate – so it's not like there'll be a "post-COVID model", full stop. We'll propose a model, iterate, learn and adjust. We want to stay flexible even though we believe that working in this type of industry is always easier. These days, even though much of the team works from home, we usually see 40% or even 50% of team members at the office.

**Q5:** Thank you for taking my questions. Could you give any further details on what caused the delay of The Witcher next-gen to Q2 and Cyberpunk next-gen to Q1 next year? That's my first question. My second question – are you experiencing any wage inflation at your local offices in Poland and do you anticipate any such inflation at your new studios in Vancouver and Boston? And finally – could you talk

a little bit more about your acquisitions strategy? What sorts of studios you're still looking to acquire going forward? Thank you.

**AK:** I'll take the first one. As I said during the presentation, the development of both next-gen games is on track to meet their target dates. With CP we're currently at the testing stage – we have to be sure that what we're releasing is in a very good shape. This requires substantial effort since the next-gen version includes graphical updates includes graphics upgrades that exploit the potential of the new consoles, along with a set of system-level improvements – I'm talking about systems which are general; it's not a revolution, but still, they interact with other systems so we have to be sure there's no regression whatsoever. This is mainly why we require some extra time for testing. With The Witcher 3 the situation is a bit different: the next-gen version is being developed by our trusted partner, Saber Interactive – naturally, in collaboration with our studio. As The Witcher 3 was originally released almost seven years ago – of course, technology has rapidly advanced since then, and new solutions have emerged, some of which were not present in the original game – such as ray tracing. This update is mostly technical; there is a small pack of DLCs, but we're waiting mostly on technical things. Since we're applying new technologies to a fairly old game, it turned out we need a bit more time for this technical work.

**PN:** I'll take the second question regarding wage inflation. Indeed, we do experience wage pressure, caused, among others, by the high rate of inflation in Poland and competition on the remote work market. This mainly concerns Poland. As far as the Boston and Vancouver studios are concerned, they're relatively new to the Company. We have worked with them for a couple of months, so it's hard to talk about visible inflation on our side; I'd say we're learning these markets – and for the first time we're doing so in practice, by cooperating with them. So – it's too early for us to tell whether we'll see inflation there or not.

**AK:** I'll take the third one. As we announced in our strategy, we want to focus more on M&A, and there are at least two ways of going about it. The first – the Vancouver way – is to further empower the CD PROJEKT RED team; the same happened with the SNT studio in Wrocław which we acquired years ago – they're now CD PROJEKT RED Wrocław. Of course, if there is a talented team interested in joining CD PROJEKT RED and supporting our strategy – we are open to discussions. The second way is to find talented teams eager to grow and develop games within our franchises while maintaining partial independence and their own identity. This is the case with The Molasses Flood – a bit similar to Spokko, even though Spokko was not acquired but rather established as a separate unit within the Group – but still, it's a similar model. TMF will be a bit more strongly integrated with the studio, but they will remain The Molasses Flood – a CD PROJEKT studio, and not rebrand as CD PROJEKT RED.

**Q6:** Thank you for the presentation and for taking my question. I have two questions. One concerns the early project research phase costs. Are we going to see those in 2022? Are they somehow related to your plans to develop – in parallel – two AAA games starting next year, which means they might be capitalized next year? The other question concerns The Molasses Flood: you mentioned that they would now work on a separate project. Is it an absolutely separate project, or is it somehow related to those plans to work on two AAA titles in parallel starting next year? And maybe one more short follow-up on your M&A: do you have a pipeline of potential acquisitions on top of the two which you have already concluded? If not – what would be the capital allocation strategy for the cash pile you have amassed, given that you keep generating quite a lot of cash?

**PN:** I'll take the first one; however, unfortunately, I'm unable to give you precise guidance on that. On the one hand I hope we'll always keep researching new projects and exploring new ideas, while on the other hand – the new ideas should one day in most cases translate into development of specific

projects. This is where we're headed right now with the projects that are currently in the research phase. So that's still ahead of us.

**AK:** I'll take the second and the third. The Molasses Flood project sits on top of parallel AAA development. The latter is planned for CD PROJEKT RED and the studio is responsible for it, while TMF is working on something on top of those projects – but as I've said, they'll work closely together. In fact, they have already begun working with CD PROJEKT RED, but they have special expertise and their work is something that comes on top of those internal projects. As for the pipeline of M&A – no, we don't have one. We do have pipelines, yes, but we're not changing our strategy. CD PROJEKT was built organically and we treat those M&A as an extension of our goals, but we still have our own strategy, with two great franchises, and we have many plans for both franchises – so we are looking for talented teams to support us, but not really looking to consolidate someone else's revenues or P&Ls. So – it would be hard to claim we have a "pipeline" of M&A, but of course we are looking around, talking to people – and if you come across a talented group of people who might be interested in joining us, we can start discussions. This brings me to the conclusion that the pile of cash we have – maybe Piotr could help me with this – is for sure meant as a buffer; we always keep large buffers; AAA development is expensive and we want to remain aggressive and brave in our strategy, so first and foremost, we do need buffers. Piotr, would you like to add something regarding our cash allocation?

**PN:** Fully confirmed; nothing to add.

**Q7:** Hello gentlemen. Apologies if the first question has already been asked, but I dropped off the line and came back again. Have you any further comment or quantification on the early-stage development that's been expensed? This may have been asked already, in which case just direct me to the transcript and I'll catch up later. Then three quick questions – firstly, TMF, as I recall, was pitching two games at E3 in 2019: Drake's Hollow and another one. Was the other game they were working on the ambitious project that you've kind of taken over? I.e. have you been working with them for that long? Or maybe they had a game that they've subsequently decided would fit your IP? Second question – just an update on employee turnover. Third question – you commented that while talking about the future you would stick to a short time horizon. Does that mean a year or is it related to your plans? So, for instance – at the beginning of next year, might we get a roadmap that says "OK, here's the first expansion – and at some point we might a date or a name for it"? Or might you, for instance, map out all of your expansion plans? Is there a pattern that we should expect in terms of roadmaps going forward? Thank you.

**PN:** There was a question before whether we could elaborate on the early research phase costs. No, we did not; in Q3 we expensed 4 million PLN on that, and naturally, we did not elaborate on what specifically was done with this budget.

**AK:** The Molasses Flood – I think I have to skip this question because it's an internal affair and we're not revealing much about what kind of project they're working on; we do not provide any specific guidance. Yes, they released two games. We evaluated what they had been working on, but we cannot comment further. Well, I can add one comment – we didn't "acquire" them; we didn't join forces to work on their game. They would start working on a game that fits into one of our franchises, which would not have been possible before we concluded the deal.

**PN:** As for turnover – over the past 10 months our turnover was at the standard dozen-or-so percent, typical for this industry, where some churn typically occurs in the wake of each large project: people move on to other projects or to entirely different endeavors. It's a natural process and we're following industry standards; there's nothing surprising or substantially different to what we experienced after the release of The Witcher 3.



**AK:** And I'll take the third one. I think we'll come back to strategic plans after the next-gen version of Cyberpunk is released, because this is key. The sentiment around CP is of key importance for our near-term future, so let's first release CP, let's see where we are and then let's talk about the coming year – or the coming years.

**Q8:** Hi; thanks for taking my questions. I'd like to know if you are talking to physical distributors about next-gen versions of CP and TW3. Will you have to provide additional boxes for these releases, or maybe there are enough boxes left from the time of the main release? My second question regards the roadmap for Cyberpunk for the next year. I understand that you would provide the roadmap after the next-gen version is released; that's what I understood from your last answer. Could you confirm it? And third question – regarding TMF; I wonder when you'll be ready to reveal anything about the new game from TMF. Thank you.

**PN:** So, the first question – yes, obviously, we talk to our distributors on how to launch the next-gen edition and how to use it, but I'm afraid I have no details to show right now as not everything has been agreed upon yet and not everything will be initiated at the same time. Please, stay tuned and I'm sure that shortly – or one day – we'll release more details on that.

**AK:** I'll take the second one about the roadmap. Yes, definitely after the next-gen Cyberpunk release, but it's not like we have specific plans for that and everything is set in stone. We want to release the game first, then assess the situation and finally decide whether to update the strategy based on data coming from the release. So, it's hard to commit to any specific date – it all depends on what we'll see after the release. And as for the third question – when? Well, it's too early to tell. We've started, but we're at the beginning of the road; we're establishing our cooperation, working on designs – but it's an initial phase, so I cannot provide any guidance on when it might be appropriate to talk about the game, reveal its design and explain its concept to gamers.

**Q9:** Good evening, I'm gonna squeeze in another one. Provisions were a slightly confusing element in Q2. Can I confirm that there are no further dissolved provisions impacting the net sales in this quarter, and no new provisions either? So when we're looking at provisions in your numbers – that just relates to the cost lines in this quarter? Is that correct?

**PN:** Yes, the major change in the provisions line comes from natural consumption of provisions we set historically. Obviously, there were some new cost provisions, as this is natural for the ongoing business, but there was no big provision coming in, or dissolution – or revaluation – of provisions set in earlier periods.

**Moderator:** That concludes today's Q&A session. Speakers, at this time I would turn the conference back over to you for any additional or closing remarks.

**AK:** Thank you very much. We do have questions waiting in chat. So – we can cover these. I'll read them out loud, and then we'll answer. The first question: "You announced Patch 1.5 to be released in line with the next-gen version of the game. Why are you skipping Patch 1.4? Is it included in Patch 1.5?"

It's a big update, so we wanted to stress this by assigning a round number to it. It's hard to say we're skipping anything but indeed, we won't be releasing any updates before the next-gen edition in order to bundle all improvements in one big update, to support the impact of the next-gen edition.

**PN:** „How far are you from reaching a new milestone with the number of CP copies sold?"

So, as you know, we normally share such sales data as a marketing tool, and therefore we did not plan to release such information today – either when it comes to precise information or just whether we're close to any milestone, so excuse us, but today is not the right day for us to elaborate on that.

**AK:** „What is the technical stage of preparations of next-gen? How certain are you concerning Q1 as a date for Cyberpunk update?”

So, as I said during the presentation, all information we have from both teams – our internal Cyberpunk team working on the next-gen edition and Saber, who are working on The Witcher 3 – points to the conclusion that we are on track. That's what we can say, and in terms of the status of Cyberpunk development, it's in the testing phase. We're testing the game, checking whether everything is fine; as I said, there are improvements and changes to general systems which interact with many other systems, so we have to thoroughly test the game to be sure – more than ever – that what we're releasing is well polished.

**PN:** „When exactly in 2022 you expect to start simultaneous full production of two AAA games?”

**AK:** I'll answer. Actually... it's already started, but we're still in the R&D phase. We have a group of developers working on the next AAA, but that's not capitalized yet. After releasing the next-gen editions – that will be the right moment to say “yes, we are producing AAA content within two franchises at the same time”. And I'll also take the next one – “How many developers worked at Spokko at the end of Q2 2021?” The answer is simple – around 50.

**PN:** „Cyberpunk 2077 – we have not heard anything about online or multiplayer. Could you elaborate on that?”

**AK:** Yes, I can add some color – the plan remains the same; we're planning to add multiplayer functionality in the future to both franchises, including Cyberpunk, gradually. We're not revealing which franchise will be the first to receive such functionality, but the first attempt will be something we can learn from, and then we can add more and more – so, step and step, we want to open our single-player experiences to multiplayer, but we want to add such features gradually.

**PN:** „Have you considered implementing Cyberpunk into a subscription service like Xbox Game Pass? Can you discuss the advantages and disadvantages of such cooperation from the business point of view?”

**AK:** And I can answer. We always consider any business opportunity, but this kind of subscription model is good at a certain moment in the lifecycle of a product – and shouldn't come too early. One of The Witcher games was available in a subscription service for some time, but we have to weigh the benefits and costs each time, compare sales, etc. – so it's a rather data-based decision. It's way too early for Cyberpunk.

Well, it's close to 7 p.m. here in Warsaw, so – thank you very much; if you have further questions, please contact our IR department. We are glad to help you. Thank you very much and have a nice evening.