

Adam Kiciński (AK):

Hello everybody. Welcome to CD PROJEKT Group's earnings conference, where we'll briefly wrap up last year's performance. I will walk you through the presentation together with Piotr Nielubowicz. Michał Nowakowski will join us for the Q&A session after the presentation.

Let's start with slide 2, where you'll find a short summary of what has been happening at the Company since the beginning of last year. It was a year of major changes - our transformation process, which we've called RED 2.0, kicked off in 2021 and throughout the past year touched almost every aspect of the Company's life.

In terms of organizational changes, we've introduced the Agile methodology in the game development process. Right now, 17 Agile teams are in place, 10 of which are engaged in developing the Cyberpunk expansion, while the remaining 7 are setting up our internal core technology center that will serve our future games. The Cyberpunk expansion is being developed largely with the use of the Agile methodology, and we plan to work in the same framework when developing the new game in The Witcher franchise.

Our strategic goal to develop, in parallel, two AAA projects starting in 2022 has been achieved, although the team working on The Witcher project will continue to recruit new talent.

Our organizational changes have recently led to the appointment of two new Board Members: Jeremiah Cohn - Chief Marketing Officer, and Paweł Zawodny - Chief Technology Officer and Head of Production at CD PROJEKT RED.

Last but not least, we continue to focus on the needs of our team members. In 2021 we retained the voluntary remote work model, and undertook many activities to improve the well-being and working conditions for the team. We also established RTRs, or Red Team Representatives, which are an advisory body to the Board, consisting of team members elected in a popular vote. Finally, we rolled out whistleblowing procedures, and enhanced our internal communication. In terms of personal and professional development, we provided coaching webinars and we're constantly expanding our training portfolio.

On top of that, as we're competing for talent globally, in 2021 our team members received significant pay increases, by 23% on average. In 2022, we're planning to continue this trend.

Now, let's move to slide 3. Last year's top priority was fulfilling our commitment to quality with regard to Cyberpunk 2077. We worked hard and delivered so far 13 updates for the game, which include a wide range of enhancements. This work culminated in the release of Patch 1.5, which brings further gameplay improvements on consoles and PCs. It also includes a dedicated next-gen update, which enables Cyberpunk to exploit the additional features offered by new consoles.

We're happy that the February release has had a positive impact on the perception of the Cyberpunk brand in the gaming community and has received positive ratings on Metacritic.

Now please have a look at slide 4 - up until now, gamers have purchased over 18 million copies of Cyberpunk 2077 globally. Over 55% of these represent PC sales, while Playstation and Xbox sales account for 27% and 18% respectively.

We're fully committed to the Cyberpunk franchise and intend to develop it further.

Moving on to slide 5 - As mentioned we've recently released a new set of improvements for Cyberpunk 2077, and we are also working on the next update, 1.6 which will be out in the coming months. Afterwards, support for Cyberpunk will continue, but our focus will gradually shift to new exciting endeavors in both Cyberpunk and The Witcher franchises.

Right now, the bulk of our team is working on the Cyberpunk 2077 expansion that is targeted to be released in 2023. With regard to our other plans - as you can see on the chart, the number of developers working on new projects is growing steadily. This number includes the developers currently working on a new game set in The Witcher universe, which we recently confirmed.

Moving on to slide 6 - To bolster our future development capabilities, in 2021 we carried out two acquisitions. In July, we acquired the Digital Scapes studio, which then became CD PROJEKT RED Vancouver, while in October, we concluded a deal with Boston-based The Molasses Flood.

CD PROJEKT RED Vancouver is working on our current projects - the Cyberpunk expansion as well as the new Witcher game - while The Molasses Flood continues to develop its own project, based on one of our IPs. We continue to recruit talent at both studios.

One of the key aspects of the RED 2.0 transformation is a much stronger focus on technology. Let's have a look at slide 7.

Signing a strategic long-term partnership with Epic Games enables us to use Unreal Engine 5 to develop future CD PROJEKT RED games. This move will allow us to concentrate more on creative direction and areas outside of engine development. At the same time, it will provide us with a solid long-term foundation to build and expand open-world, story-driven games. As a result, we expect the development of our future games to become more efficient, predictable and stable.

Moving on to the next slide - Unreal Engine 5 will power our next game in the Witcher universe, that we have already started working on. As we've announced, with the new installment of the Witcher game a new saga will begin.

Now let's move to slide 10 - We're super excited to return to the world of The Witcher which we love so much, and we're very happy that gamers are excited about it, too.

Although seven years have passed since the release of The Witcher 3: Wild Hunt, The Witcher IP remains strong, as confirmed by continuing sales of the existing trilogy of games. I'm proud to say that so far our three Witcher titles have sold over 65 million copies of which The Witcher 3: Wild Hunt accounted for over 40 million.

So, just to quickly wrap up what we have prepared in our lineup, on slide 10 there is the list of our production plans for 2022.

We'll continue working on the Cyberpunk expansion while at the same time developing a new game set in The Witcher universe. We'll provide further support for Cyberpunk. Our in-house development team will carry out the remaining work on the next-generation version of The Witcher 3. The Molasses Flood will continue their own development work on, as yet, an unannounced project. We'll launch a captivating single-player mode for GWENT: The Witcher Card Game, and will support both GWENT and The Witcher: Monster Slayer.

We also run conceptual and research work for future, unannounced projects.

Let me leave you with a quick update on Cyberpunk: EDGERUNNERS - the anime series that we've been creating with the Japanese Studio Trigger and which is to be aired on NETFLIX this year. The production process is now complete, and we have recently advanced to post-production. We can't wait to show the series to the world. Stay tuned, we'll have more information to share soon!

Now, Piotr will walk you through the financials. Piotr, the floor is yours.

Piotr Nielubowicz (PN):

Thank you, Adam.

Now I would like to guide you through our results for 2021. Let's start with the Consolidated Profit and Loss account. Slide 13.

In total our Sales revenues reached 888 million PLN – which, for both segments, is naturally less than in 2020 - the year of the release of Cyberpunk. However compared to 2019, which was the last financial year preceding the premiere of Cyberpunk, CD PROJEKT RED's sales nearly doubled and GOG sales increased by close to one fourth. Most of the sales in 2021 were based on our own products - 691 million PLN – where Cyberpunk was the most important source of revenues and most of its sales continued to come from digital channels.

Revenues from Sales of goods and materials - amounting to 190 million PLN - were mainly driven by GOG digital sales.

Costs of products and services sold amounted to 107 million PLN. Both this and last year most of the amount comes from depreciation of historic expenditures on development of Cyberpunk. All in all we have already depreciated 52% of the Cyberpunk development budget in the P&Ls of 2020 and 2021.

Costs of goods and materials sold came mostly from GOG and represent the amount due to the suppliers of games available on GOG platform.

All in all, our gross profit from sales reached nearly 638 million zł in 2021.

Moving to the operating costs: in 2021 our selling costs decreased to 299 million zł. The high amount in 2020 was influenced by our Cyberpunk promotion activity. This year it also included costs related to marketing and publishing, however a significant amount - over 80 million złoty - comes from our involvement in servicing Cyberpunk and working on all of the updates we released. We continue supporting Cyberpunk, however service costs related to it should naturally decrease in 2022.

Next line - In 2021 our G&A costs slightly increased vs last year. Among others, we include in this position the remuneration of G&A teams which - as Adam mentioned before - grew over 2021.

In G&As we also present costs related to the incentive program settled in company stock. Recently we changed our estimates regarding the Company's ability to meet its earnings goals throughout the duration of the program. This offloaded historic costs related to 80% of entitlements based on the results goals. Overall, for the Group, this led to a 1 million program-related negative costs balance in 2021. The change of assumptions does not refer to 20% of incentive program entitlements dependent on the market goal. Costs related to these will continue to be recognised in future periods.

Another factor that visibly influenced our G&A costs was related to the early, research phase of our development projects. Costs of this phase are recognised directly in the results for the period and are not capitalized. The total amount recognised in 2021 amounted to nearly 24 million PLN - much more than in 2020 when most of our dev team worked on Cyberpunk.

Next line - Other operating expenses minus operating revenues. The amount increased in 2021 mainly due to two reasons. First, at CD PROJEKT RED, in past years we worked on creating our multiplayer technology. In the wake of the recent decision to start strategic cooperation with Epic Games and to use Unreal Engine 5 - which offers advanced multiplayer solutions - we ceased further development of our own multiplayer technology and created respective write-off in the amount of nearly 21 million PLN. The second amount comes from GOG which revised past assumptions related to amortization of some of its client technology and decided to accelerate the amortization scheme, plus it decided to write-off some of its licensing minimal guarantees resulting altogether in additional, non-monetary

charges of 15 million PLN in GOG costs. Both cases refer to historic expenses and are of a non-monetary nature for 2021.

All in all, our net profit for 2021 reached 209 million PLN. While GOG posted negative results, a net profit of over 238 million PLN was generated by CD PROJEKT RED.

Regarding CD PROJEKT RED - I would like to draw your attention to the fact that substantial costs were either driven by time limited activity – like the Cyberpunk servicing expenses and early phase research costs. The latter are actually in a way an investment into our future products and sales. Also the multiplayer technology write-off was a one-time non-monetary charge. The 3 positions altogether amounted to over 125 million PLN which is the equivalent of half of the segment's net profit.

Regarding GOG – apart from the one-off events discussed above - its performance does present a challenge and recently GOG took measures to improve it. As we communicated previously GOG will focus more on its reliable core business activity - which means offering a handpicked selection of games with its unique DRM-free philosophy and gamer first approach. In line with this approach, there were changes in the team structure and the company reorganized its operations.

Moreover, at the end of 2021 GOG left the GWENT consortium. This means that it will neither bear its portion of expenses nor obtain the corresponding share of revenues associated with our consortium. From 2022 GOG continues to offer both GWENT and Thronebreaker to its customers but financial settlements between CD PROJEKT and GOG are already based on a standard revenue sharing model as for other digitally distributed products. The GOG team will not be involved in the live operation of the game.

We believe that all of the changes will allow GOG to focus more on its core business and improve its financial effectiveness.

Let's now move on to the next slide - number 14 - our provisions.

After the half yearly presentation we received many questions on the economics of the provisions and this time I would like to present them in more detail - jointly for long and short term provisions.

Back in 2020 CD PROJEKT reserved 194 million PLN for potential returns and corrections of Cyberpunk sales and royalty reports. During 2021, based on received royalty reports and updates from retail, as of the end of each quarter we were adjusting this amount. For some of our distribution contracts we created additional sales provisions - together for an amount of 43 million PLN - this is the first green number on the upper left side of the table. Over the year 136 million PLN out of all sales provisions was consumed. We also dissolved nearly 101 million of unused sales provisions. However, the dissolution of the 101 million PLN sales provisions came together with creating new costs provisions - for nearly 95 million PLN - the red number in the right upper part of the table. Why was that so? Based on evaluation of the market situation, business decisions and discussions with our distribution partners in some cases the settlements resulted in covering part of distributors' marketing and publishing expenses by CD PROJEKT instead of reducing CD PROJEKT's revenues.

During 2021 we consumed over 74 million PLN of cost provisions and nearly 18 million PLN provisions was dissolved.

One could ask why we increase sales or costs provisions at the same time when we dissolve them. The answer is simple - over the year 2021 we reevaluated the provisions as of the end of each quarter based on most updated market information and we did it for each contract individually. Some resulted in changes in one way and some in the other.

How did it all translate into our profit and loss account?

The balance of created and dissolved sales provisions - marked green on the bottom of the table - increased our 2021 sales revenues by 58 million PLN. At the same time the balance of created and dissolved cost provisions - marked red - increased our costs by 77 million PLN. All in all the negative effect of cost provisions was higher than the positive influence of sales provisions by nearly 19 million PLN. This amount decreased our EBIT value for 2021.

Let's now move to the next slide – number 15 – our consolidated Balance sheet.

In 2021 our balance of expenditures on development projects decreased by 56 million PLN. New expenditures on development projects of the year reached nearly 67 million PLN, while depreciation of past projects in the amount of 89 million PLN – primarily Cyberpunk 2077 – offset this figure. Additionally, an allowance of close to 21 million PLN due to abandonment of work on multiplayer technology was recognized in the CD PROJEKT RED segment.

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 table to the amount of 1 billion and 154 million PLN as of the end of 2021. This means that our financial reserves increased by 279 million PLN during the year.

At the same time our receivables decreased from 1 billion 275 million PLN down to 238 million PLN as in 2021 we collected receivables open after the end of year release of Cyberpunk.

Let's go to the other side of the balance sheet - page 16.

As of the end of 2021, our Group Equity had a value of 1 billion 894 million PLN – nearly 289 million PLN less than at the end of 2020. The main reasons for this change are the payment of over 503 million PLN dividend and the total comprehensive income for the reporting period increasing equity by 214 million PLN.

Another major change among our Liabilities is related to the provisions which we just discussed. All in all - all our sales provisions decreased down to zero PLN. Costs provisions slightly increased by 8 million PLN up to 44 million PLN. At the same time provisions for bonuses - mostly based on our annual profits - decreased in 2021 down to 45 million PLN as the bonuses for 2020 were paid in 2021 and the bonuses expected for 2021 are proportional to the profits of the year.

So far I haven't elaborated much on the expenditures on development projects so now please go to the next page number 17.

CD PROJEKT RED's expenditures on Research, Development, and Service of released games - presented quarterly to better show the changes happening at the studio.

The yellow part represents our total costs of servicing our released games – mainly Cyberpunk and GWENT. The amount related to Cyberpunk declined in the first half of the year and was relatively stable during the second half leading us finally to the release of patch 1.5 and the next gen version of Cyberpunk. 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 18.

209 million PLN net profit for the period was supported by the nearly 1 billion and 37 million PLN reduction of receivables that we collected in 2021.

Our liabilities - including all types of provisions - decreased by 396 million PLN.

In cash terms we expensed 155 million PLN on development of new projects while the non-cash book depreciation of historic expenditures on released products reached nearly 87 million PLN.

The dividend paid out in the amount of over 503 million PLN was another important driver of our cash flow.

All other flows and changes cumulatively are around 2 million zloty.

Altogether our financial reserves increased by 279 million PLN up to 1 billion and 154 million PLN in cash, bank deposits and T-bonds as of the end of 2021.

More detailed commentary on our financial performance can be found in our Management Board Report.

As we talk about our reports I would like to draw your attention to one more. Together with the annual report we have just released our first Sustainability Report. I'd like to take this opportunity to thank Katarzyna from the IR department for coordinating this project.

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

Q1: I've got three questions. First one – you're pointing to just over 18 million units of CP77 having been sold as of Apr 14. We know we had 13.7 million in 2020. Banking up somewhere between 3 and 4 million in 2021 – that's clearly not perfect – are we saying that we're only at 0.5 to 1 million sold so far in 2022? Is that a decent ballpark? Second question – when considering 2022 Group revenues vs. 2021 Group revenues – what would make 2022 revenues higher than 2021? We won't have CP77 paid-for expansion in 2022; the run rate of CP77 in 2022 doesn't seem to be ahead of the 2021 run rate, and we see CP77 on sale in lots of places, so potentially the average revenue per unit might be lower through the year than in 2021. What is there – other than what I've just talked about – that could make 2022 Group revenues higher in 2021? And last question: you've announced that you're using UE5 for the new game in The Witcher universe. Can that make your development process faster – so that you'd get to the finished game earlier than you might have thought before you embarked on this change? Or is it going to be roughly the same?

PN: OK, so the first question was about the split of CP77 sales for 2021 and 2022. I'm sorry, but we're not revealing precise data per year or per quarter. The last figure we had before this call was 18 million copies – obviously this includes accelerated sales generated by the next-gen release. The second question – what would make 2022 results or sales revenues better than 2021? Here I have to say – I'm sorry, but we're not guiding on 2022. I've mentioned our publishing and production pipeline for this year, but we will not be able to comment on what would make sales higher or lower in the current year.

AK: And I'll take the third one. UE is definitely a proven technology and it's very well organized on the backend side – in terms of developer's toolkits, pipelines and so on. So – production should be smoother, but not necessarily fast. It's hard to say right now, but we expect that the processes would definitely be more under control and that we'd be able to focus more on the creative side – but bear in mind that we're talking about UE5, in whose development we'll take part as well, together with Epic Games. We specialize in open-world RPGs and we'll work together on some areas of this technology to make it perfect for these kinds of games.

Q2: Good evening everyone; I've got three questions as well. Let's start with 2022 – you gave us a comprehensive list of stuff you're going to be developing in 2022. Could you just tell us what you might be able to release during the course of the year, just to help us understand the cadence of releases. In

particular, if you could just touch on The Witcher next-gen – update us on where exactly you are and what you plan to do; do you plan to release that in 2022? And then – on the CP77 run rate; Piotr – I think you just said you’ve seen accelerated sales for CP77 post the release of next-gen, and that you don’t want to give us a number for December 31 – so we don’t know what the 2021 numbers are – but can you say whether the acceleration is significant, and whether you expect – looking into Q2, Q3, Q4 – the run rate to be the same, get better or get worse? I’m thinking about the release of EDGERUNNERS; can that have an impact on the game’s sales, in your opinion? And finally, I want to ask about headcount. You’ve talked in the past about ramping up development headcount; could you give us the December 31 yearend number for the number of developers that you have? What are your hiring plans for this year – whether in Vancouver, Canada or in Poland? How much do you plan to ramp up your developer capacity as you go through 2022?

Michał Nowakowski (MN): I’ll start. So, your first question is – what would we be able to release in 2022, and then you want more specific information about the next-gen version of The Witcher 3. So – we’re not going to be announcing new titles or release dates during this conference call. Of course – the announcements are going to come when they’re going to come, and what’s actually known out there as of now is what we’re talking about. When it comes to the launch of the next-gen version of TW3 – I think there’s one comment I actually wanted to make; I’ve been looking at the headlines at 4-5 pm and I saw one that really drew my attention – “The Witcher 3 Next-gen Delayed Indefinitely” – which sounds like the game is in some sort of development hell. I wanted to say this is not a fact. There’s been a lot of speculation that we were going to launch in June next year, or something like that – that’s completely not the case. Everything we’re saying is: we’ve taken the development of the game in-house; the game is going to be made in-house; we’re evaluating it, and that requires a bit of investigation – but nobody’s saying the delay will be monumental – so that’s as much as I can say about TW3 next-gen – but I really wanted to emphasize that fact.

PN: And the second question about the acceleration of sales for CP77 after the next-gen release. I would call it a new release; obviously – it wasn’t an entirely new release; we’ve prepared the version for owners of next-gen consoles who so far had hesitated to buy a game released – first and foremost – for the old generation, but now they have the opportunity to do so. Would the 2nd, 3rd and 4th quarter be equivalent to the release window? Probably not. Obviously, sales continue, but I’d say that’s proportional to the number of users of PCs, old-gens and next-gens – PS and Xbox. So I’d say it’s a natural trend that we should be expecting after adding the two next-gen platforms to the family. The second part of the question was whether we believe EDGERUNNERS would also support sales? Yes, we hope it will make the CP universe more popular; more reachable – we hope this would entice new customers who watched the anime series to play a videogame set in the same universe, but I’d say right now it’s hard to estimate what impact this anime will have. We are definitely looking at a positive extension to CP universe awareness.

AK: So, as for the third question – by the end of last year there were almost 700 developers across all our studios; among them – 630-something at CD PROJEKT RED. So, the numbers of developers at CD PROJEKT RED didn’t change last year compared to the end of 2020. Bear in mind, however, that the post-release year naturally sees the highest turnover – that’s natural; the same happened after the release of TW3 – this year, we’re planning an increase, but it’s too early to say – we’ve recently been very active at GDC and expect a boost in hiring. We’re also implementing new policies enabling people to work not only from Warsaw, Kraków or Wrocław – we now have more locations and that should help as well.

Q3: Hi there; I’ve also got three questions – they’re relatively similar to what’s been asked before, but slightly different. The first one – would you be able to say that once the next-gen version of CP77 came out, that this not only boosted sales in general, but that you also see a boost to the old-generation sales? Second question – coming at the TW3 next-gen question from a different angle, would it be fair to say that the development of the next-gen update was relatively on track and that you had to in-

house the production given the circumstances, and that's it's just the friction of changing studios – would that be a fair way to look at it, or is there more of a development issue behind it as well? Third question – on the transition to Unreal Engine for The Witcher 4; would you be able to give us some color on – I know you haven't given us too much detail on what the development costs would be compared to your base-case expectations, but would you say there's a difference in the cost level that you'd be expecting for the overall development of the next Witcher given that you're now using UE? Thank you.

MN: I'll start with the first two. The first question was – whether CP77 next-gen release actually boosted sales for both generations. For next-gen – this was, in fact, the initiation of sales, so of course it opened up sales on PS5 and Xbox Series X. But I think your question was more on whether it had boosted sales on the previous gen. It did, to some extent – because Patch 1.5 introduced a lot of improvements and fixes for the old generation as well, and it was a major patch – so whenever you have events like that, naturally some people will want to check on the game, see what has changed and what's new. That was the case with CP next-gen, for sure. The second question – what was the reason for the switch to internal development? This was based on recommendations from the people in charge of development. As a result of these recommendations, we have decided to move the development of TW3 next-gen to our in-house team, and finish work on the release.

PN: The third question was about how the new engine could influence the development costs of the next project. As of right now, we're still beginning our journey with Unreal Engine; we're not anticipating any significant influence of switching to a new technology upon the game's budget. Obviously – we're still at the very beginning of the journey; we will know more some time from now, but as for now, the assumption is that it should not have a significant impact.

Q4: Good evening everyone. Just a few questions. The first one is – how many customers so far have taken up the free copy of CP77 next-gen? The other one – any clues on when in 2023 the expansion might come out? And then, on Molasses – are they working on a major AAA title, or is that something different? And then – are you still anticipating something like a 4% reduction in sales from Russia and Belarus? Thanks.

AK: I'll take the first question, but are you asking about the number of gamers who have downloaded the free trial? [**P4:** What I'm asking is – the people who bought the original version were promised a free copy of the next-gen version when it comes out, so – how many people have claimed that free copy?] All right – I can't give you the precise number – we actually don't have precise figures, so I can't answer this one.

MN: The second question was – any clue when the expansion – I'm assuming you're talking about the CP77 expansion – might come out? So, at this moment we're not sharing the release date of the expansion. It will be announced when the right time comes from the marketing and production perspective – but we're not sharing it just yet; we hope you'll understand.

AK: Regarding The Molasses Flood – this project is not yet announced, so we can't say more other than that they're working on a game based on one of our IPs.

PN: And the last question concerned the decrease in sales from Russia and Belarus. It's hard to measure something we're not seeing, but some time ago we reported that cumulative sales in Russia and Belarus for the past 12 months had amounted to between 3 and 5-point-something percent as far as I can remember. Depending on whether you measure GOG or CD PROJEKT RED, that's the scope of our Russian/Belarusian sales revenues.

Q5: Hello everyone. My first question is a quick one – you commented about – I think it was 23% average wage increase last year, and you claimed similar progress this year. Did you mean another 23% or just another significant increase? Secondly – on multiplayer: you've written off REDengine multiplayer development costs. What about the people – the team who were working on that? I think

that was a mixture of Wrocław people and some people at Digital Scapes. What are they doing? Are you restructuring? And also – it seems that the multiplayer version of Cyberpunk is not in the offing; that now seems like quite a distant prospect – a multiplayer mode of some kind – although still something you want to do. What’s happening with that team? Is it shrinking, are they working on something that’s very long-term? Finally – a couple of questions related to UE. I had a rather different view, talking to people at GDC, that in the end it would be great, but you could spend a couple of years getting used to a new engine. So – I’m presenting a rather opposite idea to its being quicker. How long do you think it would take you to come to grips with the new engine? And secondly, as you observed, UE5 isn’t really set up for an open-world games. You’re going to be co-developing a whole load of capability. I assume that you’ve therefore gained some preferential terms from Epic – for effectively improving their product. Is that a fair assumption? Thanks.

PN: I’ll take the first one, regarding the wage increases. Yes, for 2022 we expect similar wage increases to what Adam mentioned during his part of the presentation. Obviously so far these are just plans, so we’ll be able to measure the precise percentage closer to the end of the year – but in general we’re heading in the same direction with the wage increases.

AK: I’ll take the second one – regarding people who had been working on multiplayer. Of course we need to take into account natural turnover, but there have been no layoffs because of this. We’re definitely for having multiplayer content in our games, and we need those people to help us make it happen one day. So – no layoffs in this regard whatsoever.

MN: And on the Unreal-related questions – your suggestion was that it could take years to learn new things such as a new engine. Of course this can be true, but first of all, we actually have on board some people who have prior experience with UE, so it’s not like it’s completely unknown ground for the team. There are also a lot of UE specialists out there; in fact, one could argue that it’s easier to draw talent that’s familiar with UE than to draw talent that is faced with a one-year learning curve for a proprietary engine – as was the case with us before. As for UE5 not really being set up for open-world games – that’s actually contrary to what our internal investigation has told us; contrary to UE4, which was a bit more challenging – not impossible, but more challenging in this regard – UE5 is much better suited for open-world games. What Adam mentioned in his speech – I think we’ve been trying to say something a little bit different: that we would be chipping in significantly with what we can bring to the table in terms of UE rather than somehow having to “hack” UE so that it works with open-world games; that’s definitely not what we’re saying. According to our expertise, UE5 is perfectly fine running open-world games, and we feel that together with Epic we can make it work even better.

Q6: Good evening. A couple of questions on products. The first one – a follow-up on multiplayer. Of course you don’t have to reveal anything specific about your next Witcher game, but philosophically – would you be opposed to releasing a multiplayer version of the game at the same time as the single-player version – or would you prefer to treat those as separate releases going forward? The second one – looking back at REDengine 3, and the process of going from that to Cyberpunk – would you say that some of the stability issues with the engine – were they greater when you were developing CP77? And do you think that they affected the quest design in the finished game – vs. what we saw in TW3? Thank you.

MN: On the first one – the multiplayer – are we philosophically okay with that being released all together? I’m afraid we’re not really able to comment on that. Once we reveal our plans, we’ll talk more about them and I’ll be happy to jump into a conversation – either philosophically or in real life – on what this means for us, but here and now I’m afraid I cannot go deeper than that. As for REDengine – I’m not sure I understood what it is you had on your mind. Did REDengine affect the way we designed the quests vs. TW3? **[P6:** Yes, I just saw that in some interviews your developers talk about how they expect improved stability overall, on a technical level, from UE – which would make developing open-ended open-world games easier. Obviously, there’s lots of player choice in open-world games, and you had that in the quest design in TW3, but less so in CP77. I was just wondering – was that the bottleneck

in developing CP77, which you'd hope to improve with the switch to UE5?] I don't think this was the case, to be honest. I probably wouldn't agree with the premise – when you cut it to the bone, the quest design philosophy was similar in CP77 and TW3. I understand that the perception may be different for some people, especially if you read a lot of comments on the Internet and so on, but that wasn't actually the case. Again, I cannot jump into the shoes of people who gave interviews at GDC, but my impression is that they were simply saying they expected smoother work conditions – and that's probably it.

Q7: Thank you for taking my questions. On the Unreal partnership – I just wanted to understand – why such a long agreement, a 15-year agreement with Epic? Was it just to do with stronger multiplayer capabilities? Second question – wage inflation has become more notable for game developers in the industry. Do you think that transitioning your workforce to Unreal Engine means there's more scope for competitors to hire your talent – given how valuable the Unreal skillset is? Third question – did the launch of Elden Ring have any impact on cyberpunk next-gen? Thanks.

AK: I'll take the first one. 15 years is not that long, to be honest, and when making plans it's normal that we have to think 15 or 20 years in advance. That's the normal scope of planning. This is a strategic view so I can't imagine a shorter term than this.

PN: I'll take the second question – regarding UE influence on the risk of losing our talent to other dev studios that use this technology. Honestly, we look at the situation from the opposite angle: there are many more specialists around who are experienced with UE than we can find outside of CD PROJEKT using REDengine. So – we see this as an opportunity for us to extend the team and be able to hire new team members.

MN: The third question – did the launch of Elden Ring affect CP sales? Elden Ring is a fantastic game, and we congratulate its team, but not really – the respective launches were separated by a year and if you are talking about the release of the patch – well, no. The patch did what it was supposed to do – in terms of upgrades and opening of next-gens – but the genres are so different – I mean you're looking at a fantasy game vs. more of a sci-fi setting. I think there's room for both. Of course – Elden Ring was launching as a new title while we were launching the next-gen version of a title that had already existed on the market for one year – so it didn't seem to affect sales in any way that we could measure or say “okay, if we had done something else, it would have been X times better”. So, no, not in our opinion.

Q8: Hi and thank you for taking my questions. First of all – I have one more question regarding the impact of CP77 next-gen on sales – you've said that 65% [sic] of CP units had been sold on PC so far. I wonder if current sales are skewed more towards consoles – after the release of the next-gen version. Perhaps you could give us percentage values for the first or second quarter? The second question – you've recognized a write-off on REDengine with regard to multiplayer features, but on the other hand, during past conferences you said that you were going to work on online elements in Cyberpunk. Does that mean you've given up the development of online elements in CP? And the third question – could you give us some light on the value of CP77 servicing costs that we should expect in 2022 – in the first quarter and perhaps in later quarters? Thank you.

PN: Regarding the precise split of platforms for the next-gen release in Q1 – we have no data to share in this respect right now. Stay with us for the Q1 results and I hope we'll be able to share a bit more data on our results and sales for that period.

AK: I'll take the second one. We're now switching our multiplayer activities from REDengine to UE. Having signed a licensing and partnership agreement with Epic we gained access to multiplayer solutions available in UE – so, as a result, we abandoned further work on adding multiplayer features to REDengine and the corresponding to-date expenditures were reassigned from Fixed assets to Other operating expenses.

PN: And, again – the question about financial aspects of 2022 and future quarters – I cannot go into details, but as I mentioned during the first part of the presentation, after Patch 1.5/next-gen release, the CP77 servicing costs will naturally decrease. We will obviously continue supporting and updating the game, but the bulk of the job – we believe – was done in 2021.

AK: We have some questions asked in webcast. “How many devs TW3 next-gen update may require to be completed?” Not many. Fortunately, those devs – engineers and programmers – are able to work on it. There are about 15 people involved, and to a limited extent we’ll also make use of external support. Taking over this project will not affect the development of the previously announced next game in The Witcher saga. So – it’s a minor project.

PN: “What percentage of developers working on other projects are working on the new game in The Witcher IP?” Sorry, but so far we haven’t been sharing this information, so I can’t answer the question right now.

AK: So – we’re coming to the end. Thank you very much for joining us today for our FY2021 conference. Should you have any follow-up questions, please contact our IR team directly. Thank you very much – bye bye.