

## Translated transcript of the individual investors' chat concerning CD PROJEKT Group earnings in 2022 – 31 March 2023

**Moderator:** Welcome to our investors' chat with Adam Kiciński, President of the Board, and Piotr Nielubowicz, Member of the Board and CFO. The topic is the CD PROJEKT Group's earnings report for 2022, and its plans for further development.

Allow me to remind you of our rules: questions are first reviewed by the moderator. We publish selected questions asked by our guests, along with replies. Queued questions from each user are displayed at the bottom of your respective screens. The moderator may reject questions which violate our terms of service.

A note for journalists covering today's chat: any use of citations in your press materials requires proper attribution of source. In case of any questions or doubts, please contact us at [biuro@stockwatch.pl](mailto:biuro@stockwatch.pl).

You may now ask your questions. If you have problems viewing answers, please refresh your browser tab. We also encourage participants to share the chat and comment on it in social media, using the #czatStockWatch hashtag.

**Adam Kiciński (AK), Piotr Nielubowicz (PN):** Welcome to our investors' chat – hot on the heels of the release of CD PROJEKT Group's 2022 earnings report. We invite you to submit your questions.

**CSharpBeginner:** Is work on Phantom Liberty going according to schedule? Is it nearing completion and can you guarantee that nothing will change with respect to the announced release, which is planned for this year? Is the team capable of guaranteeing that the quality of the expansion will be better than of the original Cyberpunk on the date of release?

**AK:** Work is at the final stretch; the expansion is large and complex. We are very focused on ensuring that it is sufficiently well polished. We are not considering any release timeframe other than the current year.

**Ada:** Gentlemen, is the 2023 timeframe for the release of Phantom Liberty secure? With regards.

**PN:** Yes – as confirmed yesterday, it will come out in 2023.

**Bartas\_Gda:** Can you reveal your estimate of how many copies of CP2077 were sold in 2022? If not – are you withholding new updates until you hit a round number such as 25/30 million copies?

**PN:** Last September we confirmed we had sold 20 million copies.

**mario:** Will the Company again buy back shares at their current low price?

**PN:** Whenever we intend to buy back shares, we inform the market by issuing a current report.

**tgolik:** You're now running two AAA teams: Phantom Liberty and Polaris. Are you satisfied with the way these two organisms function? How numerous is the Polaris team? You need more employees – what's your take on your recruitment processes and how many new hires are you planning for 2023?

**AK:** We're conducting parallel work on two releases, which was our plan all along. Nearly 200 people are currently working on Polaris. We adapt the scale of our recruitment activities to our existing project needs. We want to attract experienced developers.

**Elfu:** "Announcing announcements" – that's the most common commentary on your declaration that more news about Phantom Liberty would be coming out in June. Aren't you building hype too early – which you should currently avoid (as mentioned when presenting your RED 2.0 vision)?

**PN:** We feel comfortable with launching the marketing campaign for the expansion in June.

**tgolik:** What does your current cooperation with TMF people look like? What forced you to recognize the write-down, why did you make this decision so late – after so much had already been spent?

**AK:** We value the team. Their project is new to us in terms of design and format; it is also very different from the big productions we are known for. To stay competitive we have to keep looking for new ways to expand our franchises. At the same time, we need to be ready to reevaluate our original concepts – even if development work is already underway. Announcing our intent to develop a new framework for Sirius and taking the impairment allowance on its development expenditures was a tough decision to make, but we also believe it was the right one. Our intention was to cut costs early and give ourselves time for reassessment.

**Gość:** Mr. Adam; is CD PROJEKT in talks concerning John Wick?

**AK:** No, we're not.

**Danielo10AK:** Is CD PROJEKT working on a new Witcher game and is there a chance that it could be released in 2023?

**AK:** We are working on Project Polaris – a new game set in The Witcher universe and the first instalment in a new saga.

**Jan Srebrna Ręka:** Does the Company intend to liberalize its articles which currently prevent the entry of a large investor or a takeover of CDP? In my view this is a factor which discourages stronger involvement on the part of investors.

**AK:** We have no such plans; we want to remain independent.

**Tomek:** Greetings. Are you expecting good Q1 results?

**PN:** Q1 and Q3 are usually weaker quarters. This year – unlike last year, when we released CP next-gen in February 2022 – we had no new releases. The highlight of the year will be the release of Phantom Liberty, which is still ahead of us.

**bginvest:** One of the vesting criteria in your managerial incentive program is based on earnings, with 2 billion PLN in net earnings set as the target for 2023-26. Does this assume the release of another game after Phantom Liberty?

**AK:** Given that we don't publish projections, we are, unfortunately, unable to reply to this question. I can only assure you that we would work hard to meet that goal.

**Gość:** What's the pricing relation – in absolute terms or percentages – between the CP2077 expansion and the base game?

**AK:** The price of the expansion will be revealed as part of the Phantom Liberty marketing campaign. Stay tuned.

**Rafał W:** As far as I remember, 2009 (global crisis) was tough for the company and its owners. You had to cut projects while budgets shrank. This year we have another crisis on our hands, and you again had to cut projects (Sirius). Are you drawing conclusions; are you prepared for tough times ahead and able to weather the crisis?

**AK:** Yes, we did draw conclusions. Since 2009 we have been steadily building our cash reserves.

**bginvest:** The incentive program may vest by issuing or buying back own shares. The drafts submitted to the upcoming EGM do not include a resolution authorizing the Board to buy own shares. What is the likelihood of another buyback?

**PN:** Decisions related to how the program may vest will be made in four years, taking into account our future stock price and our cash position vs. planned investments.

**Gość:** Will there be a dividend?

**PN:** Any recommendations concerning a dividend will be disclosed in the form of a public report.

**CatoD:** What's your take on the use of AI in future games?

**AK:** We are looking at this technology and we see potential applications in our industry; however, it's too early for details. I would like to emphasize that we do not regard AI as a substitute for our team's work.

**Andrzej:** Greetings. Can you specify how many people are working on Phantom Liberty? Salutations.

**PN:** Over 330 people as of the end of February.

**Kazyma:** Does reworking Project Sirius affect the schedule of work on your other announced projects?

**AK:** No, there's no such link.

**Marcel:** It's clear that the mobile gaming sector is growing ever more rapidly. You own some of the most recognizable IPs, but you decided to close ("absorb") Studio Spokko and suspend development of mobile games. Does it mean that you are no longer interested in this sector?

**PN:** As announced in our October 2022 strategy update – potential future mobile projects based on our IPs will be developed in collaboration with trusted external partners.

**Incarnate:** Gentlemen – the biggest challenge facing your studio seems to be maintaining the – frankly phenomenal – artistic merit of your productions while also significantly improving their technical quality. Can you reveal your accomplishments on the latter front?

**Piotr Nielubowicz:** Here are some:

- migrating to Unreal Engine
- introducing Agile development methods
- restructuring our dev teams
- appointing the CTO to the Board

...and many others.

**Łukasz:** Are you planning any Cyberpunk update in the style of patch 1.6 around the time of the DLC release?

**PN:** Yes.

**Gość:** Hello. Will GWENT continue to be developed? Will the next Witcher game feature the same kind of GWENT as The Witcher 3 did, or will it be replaced by GWENT: The Witcher Card Game?

**AK:** We're working on GWENTfinity – a set of initiatives which aim to ensure that the game may continue to exist without active involvement on our part. More information regarding GWENT can be found at <https://www.playgwent.com/pl/news/47156/2023-i-gwintfinity-czesc-1>

**Adam:** Does CDP follow some specific rules for assigning menstrual leave – for example, on the basis of a medical certificate, or just based on trust in the personal feelings and needs of your female employees?

**AK:** We work on an honor system; we do not require medical certificates.

**Gość:** Does CD PROJEKT intend to additionally develop the Cyberpunk franchise in the near future? I'm talking about TV series, movies or books set in this universe.

**PN:** We believe there's great potential in the Cyberpunk brand – according to the Group's strategy we intend to develop it further, taking into account new formats.

**bginvest:** Does working with UE5 shorten the game development cycle compared to REDengine?

**AK:** We're preparing ourselves in terms of tools and processes; some of our developers are still learning the new technology, while several of our teams work directly with Epic Games on elements which support development of open-world RPGs with nonlinear storylines. Regarding Polaris – using UE5 will not slow down the process, but it won't accelerate it either. When it comes to further projects, however, we expect work to proceed more quickly – this is one of the reasons why our strategy update announced three large Witcher games which would be released within six years of the launch of Polaris.

**Gość:** Has the outflow of employees at CD PROJEKT RED slowed compared to preceding years?

**PN:** Yes; in 2022 our employee turnover decreased by 6%.

**Łukasz:** When will you reveal more information about Polaris? Is there any chance for new announcements in 2023?

**PN:** This year we're focusing on Phantom Liberty.

**Gość:** Is it true that Phantom Liberty will be released only on next-gen consoles and the PC?

**PN:** Yes.

**bginvest:** Did the large number of CP 2077 patches affect work on Phantom Liberty – in terms of reducing the risk of encountering bugs in the expansion?

**PN:** Absolutely – given that both products are based on the same technology.

**Jarek1:** How will you finance all these projects? Will you issue new stock?

**PN:** In recent years we financed our activities from current profits and our own reserves. We expect to continue doing so in the future.

**TomekABCD:** After the release of Phantom Liberty, which game will your second team work on? Polaris, and...?

**PN:** Orion and other celestial bodies. ;)