

Translated transcript of the individual investors' chat concerning CD PROJEKT Group earnings in H1 2023 – 31 August 2023

Moderator: Welcome to our investors' chat with Adam Kiciński, President of the Board, and Piotr Nielubowicz, Vice President and CFO. The topic is the CD PROJEKT Group's earnings report for the first half of 2023.

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.

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 H1 2023 earnings report. We'll be at your disposal for the next 45 minutes. We invite you to submit your questions.

Artur: Greetings; are you happy with the state of Phantom Liberty one month before release?

AK: We've been showcasing Phantom Liberty worldwide since June, at Phantom Liberty Tour events, trade fairs and special presentations. Hundreds of our fans and gaming media journalists have already been able to play the expansion. Several days ago we returned from gamescom, where the game was in hot demand. We're very happy with the feedback we've been receiving, but of course – let's wait for the release.

CSharpBeginner: Will you be releasing a new box edition of the game, dedicated for XSX/PS5, in tandem with the expansion? The existing box edition is for PS4/Xbox One.

AK: We're not planning a new box release of the game. The expansion will be released in digital form only.

Artur: Do your Q2 2023 earnings include Phantom Liberty preorders?

PN: Revenues from preorders (including Phantom Liberty) are excluded from our profit and loss account up until the release date.

Mirek: What fraction of developers currently working on Phantom Liberty will move to the Orion team? What about the Polaris team?

AK: After the release of the expansion a large part of the team will join Project Polaris, while others will work on other projects, i.e. Orion and Hadar, or provide post-release support for Phantom Liberty.

Gość: When will you begin the 500 million PLN share buy-back program?

PN: Right now we're not contemplating a buy-back of shares. Any potential decision in this regard will be announced in the form of a current report. I would like to remark that the GM resolution authorizing a future buy-back program (or multiple buy-back programs) for the purposes of redemption is not restricted to a specific time period.

Jake Grabowski: Greetings. As a gamer and an investor – the company is currently marketing update 2.0 and the PL expansion; however, I've noted an error in your marketing strategy – the features which will be released for everyone in a free patch are “bundled” in your marketing materials with what we'll be receiving in the expansion. Could you provide a clear distinction between what will be offered to gamers who do not purchase the expansion and to those who do? We know the campaign is ongoing and materials have already been prepared, but a series of screenshots listing what you'll be getting with and without the expansion might mitigate disappointment among those gamers who do not understand the distinction.

AK: Thanks for this suggestions – we've already touched upon this subject during the recent REDstream, which is available at <https://www.youtube.com/watch?v=eUTDCxt74iY&t=15s>

You can also find a summary here: <https://www.cyberpunk.net/en/news/48700/redstreams-brief-summary-and-recap>

In addition, we're preparing additional information materials for gamers, which will be released soon.

tgolik: Can we expect any business events between the launch of Phantom Liberty and the release of Witcher games you had previously announced? Or are we in for three lean years?

PN: In line with our strategy, we're working on new releases – which includes games as well as other supporting products; however, right now our focus is on the release of Phantom Liberty.

Mirek: How far ahead of the Polaris release will you be launching the corresponding information campaign? Would it be several months before release? A year? A year and a half?

AK: It's too early to talk about that. Right now we're fully focused on the final phase of the campaign and the impending release of Phantom Liberty. There'll yet be time to discuss Polaris.

tgolik: Are you planning to report the number of Phantom Liberty preorders? Or – as in the case of The Witcher 3 – will we simply see a taller sales bar for Cyberpunk 2077?

PN: We will definitely want to summarize the launch of Phantom Liberty – but we've not yet decided upon the specific content and schedule of such communication events.

Jake Grabowski: As a Cyberpunk fan I have a question for which there's perhaps no answer – would it be possible to adapt the 2077 storyline for the big screen with its current Hollywood cast – for example as a means of promoting a future UE5-based Cyberpunk game?

AK: I wouldn't like to comment on your specific proposal. We see great potential in the Cyberpunk franchise. The success of the Cyberpunk: EDGERUNNERS anime series and gamers' interest in Phantom Liberty confirm that fans want more Cyberpunk content. According to our strategy, we plan to publish further products representing this franchise – one example of which is the recently published book by Rafał Kosik: *Cyberpunk 2077: No Coincidence*.

McNeel: Will you continue to support Cyberpunk 2077 with small content patches until the release of Orion?

PN: We will soon be releasing the biggest-yet update – 2.0 – and of course we will continue to support the game (as well as the expansion) in the future, depending on needs.

tgolik: What costs will affect your bottom line during the Phantom Liberty release quarter – or what fraction of amortization costs will correspond to this quarter?

PN: Before we make our final decision regarding amortization of the expansion, we want to calibrate our models using early sales data.

Elon: A request for comment. CDR has announced layoffs, but at the same time wants to work on a record number of parallel projects. So, then, why the decision to trim the team?

AK: Yes, we confirm that the core assumptions of our strategy update, presented in October 2022, remain in force. The decision concerning layoffs is associated with internal transformation ongoing at our studio, which involves, among others, shifting to Agile development practices while streamlining our production pipelines and workplace arrangements. We want our team to match the scale and current needs of projects. We will resume more intensive recruitment as our future projects progress to more advanced phases.

Kris: It currently takes 4-5 years to develop an AAA game. Does your to-date experience from working with the new engine and applying the agile methodology enable you to confirm that a fresh release would appear every two years beginning with Polaris?

PN: In line with our published strategy we confirm that we intend to publish two further games from the upcoming Witcher trilogy within six years of the release of Polaris.

tgolik: Are you taking part in promoting *Cyberpunk 2077: No Coincidence* – or will you? Does the release of this book affect the sales of the base game and preorders of the expansion?

PN: Yes – we take an active part in promoting Rafał Kosik's book, among others – through our social media channels. It's difficult to speculate what direct effect this has on sales of the

game; however, the global release of the book certainly helps raise gamers' interest in the Cyberpunk IP.

Marek: Anything new regarding M&A? Are you planning new acquisitions?

PN: Right now we have no M&A project in the pipeline.

Artur: How would you rate the Phantom Liberty marketing campaign?

AK: There'll be time to summarize the campaign after the launch. I can say, however, that we're very happy that Phantom Liberty has been present at key market events in the past months, garnering great interest from gamers and media alike. The campaign will pick up pace in the final weeks leading up to the release – so stay tuned! :)

Gość: Greetings. As usual, there's a lot going on at the company. A question – are you anticipating, or do you see the need to seek additional financing – in terms of bank credit or loans – for your development projects?

PN: We've built a solid financial cushion over the recent years. We do not anticipate the need to seek external financing for our future projects.

essa: Could you somehow comment on your recent partnership with Twitch? I'm talking about the exclusive skin offered to subscribers of certain streamers. Can we expect more similar campaigns? Are reskins being offered for in-game weapons?

AK: That's a one-off activity – we do not plan to sell reskins in the game. We wanted to do something nice for the content creators who support us by streaming our games, as well as for Twitch users.

Gość: Is the Phantom Liberty marketing campaign affecting sales of Cyberpunk? To what extent?

PN: Yes, the PL campaign is supporting sales of the base game.

Gość: How would you comment on the CD PROJEKT stock price and the stock being shorted by investment funds? It's hard to dispute the fact that this does not put the Company in a good light.

AK: As a rule, we do not comment on the performance of our stock on WSE and investment decisions made by specific groups of investors – including funds which short the stock.

akcjonariusz: Every now and then there's fresh speculation in the media about CD PROJEKT being taken over by a bigger market player. Is there any truth to these rumors? Are you planning to sell your shares?

PN: We have always insisted, and continue to insist, that we intend to remain independent and do not want to become part of a bigger entity. We have ambitious publishing plans and want to implement them on our own.

tgolik: What kind of project are you working on with Dawid Podsiadło? At least in general terms – if you would be so kind...?

AK: An artistic project. ;)

AK, PN: Thank you for taking part in today's chat session. We're in for some exciting times, with less than a month before the release of Phantom Liberty. We would like to take this opportunity to invite you to monitor events related to the upcoming release of the Cyberpunk 2077 expansion. See you in Dogtown! :)

Moderator: On behalf of the editorial board of StockWatch.pl I would also like to thank you for the interesting discussion – and invite you to future chat sessions.