

## Transcript of the chat session dedicated to CD PROJEKT Group's 2023 earnings – 29 March 2024

**Moderator:** Welcome to our investors' chat with representatives of the Management Board of CD PROJEKT SA – Piotr Nielubowicz, CFO, and Karolina Gnaś, VP for Investor Relations. The topic is the CD PROJEKT Group's earnings report for 2023, which was published after the end of the trading session on 28 March 2024.

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.

**Piotr Nielubowicz (PN), Karolina Gnaś (KG):** Greetings and welcome to our investors' chat following the release of our 2023 earnings. We will be at your disposal over the next 45 minutes – go ahead and submit your questions!

**Leszek:** What stage is the development of The Witcher 4 currently at? How many developers are working on the game, and how many will eventually work on it, including at the end of 2024?

**PN:** Currently approximately 400 developers are working on the game, with support from approximately 50 members of the Shared Services branch. The eventual number of people involved in the project will be slightly higher than the current count.

**Gość:** When do you expect to begin promoting Part 4 of The Witcher series?

**KG:** Our campaigns rely heavily on the element of surprise, so please – allow yourselves to be surprised. :)

**Emil:** How is your collaboration with Fool's Theory on The Witcher Remake going? Does FT also participate in development of Polaris given that the remake will rely on tools created for Polaris? How many people will eventually be involved in work on The Witcher Remake?

**PN:** We're at an early conceptual stage. Yes; our intent is for the remake to rely on tools developed in the context of the Polaris project.

**Emil:** Is Polaris more of an evolution or a revolution? How will it stand apart from other games on the market?

**PN:** With each of our games, we want to show something fresh; something new – it will be so in this case as well.

**Emil:** What stage is Project Sirius currently at? How many people will end up working on it? Is there a risk it might be cancelled?

**KG:** We're continuing work on this project and we're growing more satisfied with its outcomes. Currently the project involves slightly fewer than 40 people. We do not want to reveal the target team size at this stage of development.

**CSharpBeginner:** A question concerning Project Sirius developed at The Molasses Flood. After last year's impairment charges and a change in the direction of development – are you currently/ultimately satisfied with the progress of work and the shape the game is taking?

**KG:** Right now we're in early preproduction, where much of the work is iterative in scope. We are trying out ideas and testing key mechanics. As mentioned above – we are gradually becoming more satisfied with the progress of work.

**Leszek:** Given the growing development costs, does the Company consider significantly raising the prices of its games at the moment of release? For example – to approx. 350 PLN or more on consoles and PC for The Witcher 4? Recent large releases show that fans are willing to stomach much higher release prices, and this has strong impact on the later profitability of projects.

**PN:** It's too early to speak about this, but we are monitoring the market and the retail prices of large releases.

**Emil:** Do you have ideas about cornering the mobile or VR markets?

**KG:** In our Strategy Update published in 2022 we announced plans for development of our IPs – with tie-in projects based on a licensing model. We are open to collaboration with leading external teams in this scope. We can't announce anything right now, but when the time is right – we will share more information.

**Leszek:** Incentive Program A for employees who are not members of the Board has an earnings goal of 2 billion PLN for the 2023-2026 period. Do you think this can be achieved given the status of work on The Witcher 4?

**PN:** This goal applies to Program B, which also applies to members of the Management Board. We have always been setting ambitious goals in our incentive programs, and we have done so again in this instance. We will work hard to achieve it.

**Emil:** Are you considering publishing games only for consoles at first, then improving them and eventually publishing them for the PC?

**KG:** No, we have no such plans.

**arturk1012:** Greetings. Could you please update us on your stock buy-back plans? Thank you.

**PN:** Any future buy-back of stock – if decided upon – will be communicated to shareholders using official channels. Yesterday, however, we decided to recommend paying out a dividend which we regard as the most direct way to share our profits with all shareholders on equal terms.

**Leszek:** Do you recall in what year – or how many years ahead of release – Cyberpunk 2077 and The Witcher 3 went from preproduction to full-on production?

**KG:** Sure. However, the current situation is different because the way we develop games has changed. We are basing our work on the Agile methodology and an external game engine – so it would be misleading to compare production cycles that way.

**macroNEXT:** Will all of your announced games have box editions?

**KG:** We will monitor market trends in this regard.

**Emil:** Are you planning any takeovers in the coming two years?

**PN:** As a rule, our strategy emphasizes organic growth. We do not rule out acquisitions, but have no relevant information that could be shared right now.

**Emil:** Will you be adding microtransactions to future games?

**PN:** We see no room for microtransactions in single-player games; however, we do not rule out applying this solution in future multiplayer projects.

**Dave:** Will Project Sirius be a full-fledged AAA game, a smaller AA game, or something in between? What is the target demographic – mature players, as with W3 and C2077, or perhaps a younger audience?

**PN:** We regard Sirius as an AAA project. The target group should be somewhat broader than in the case of W3. ;)

**Emil:** How many people are currently working on Hadar? What is this project's priority compared to other games under development at CD PROJEKT?

**KG:** Approximately 20 people are currently working on Hadar, which is in the IP concept phase. The project will be developed in parallel with our other ongoing projects.

**Emil:** Handhelds – such as Steam Deck – are gaining popularity. Do you take handheld devices into account when designing new games?

**KG:** When designing our games we prioritize large devices – such as current-gen consoles and PCs. While these “large” platforms are our target, we do not neglect handhelds. Our key

productions – The Witcher 3 and Cyberpunk 2077 – currently have the “Verified” status on Steam Deck, and rank among the most popular games launched on this platform – see <https://store.steampowered.com/sale/decktop100>

**theInsider:** Can we expect any multiplayer and co-op elements in upcoming games?

**PN:** Yes; Sirius is an example.

**Guest:** Greetings. What will be your main revenue drivers in 2024-2025?

**KG:** Excellent question. Unfortunately, we do not publish projections – but we can say that we count on strong sales of our games. We are also working on projects other than video games, in the context of our franchises.

**Guest:** Knowing where you stand today – do you think abandoning EP2 for CP2077 was a good decision?

**KG:** Phantom Liberty was an excellent expansion for the base game; it also provides closure for the story and marks the end of work with our existing technology stack. We decided to initiate work on another big game set in this universe – Orion – ahead of time, so that we can complete it faster. :)

**Dave:** Don't you think going for a live-action movie based on the Cyberpunk franchise is a fairly costly and risky endeavor; that the movie may flop at the box office and fail to break even? Will you be financing it only with your own resources? Given your gamedev schedule, wouldn't it be better to focus on developing games and allocate your funds to another large game, which will certainly require a big budget?

**KG:** The live-action project fits within our strategy of developing franchises by introducing quality products which go beyond the field of video games. Our goal is for this project to reinforce the brand and encourage new users to reach for our games. We are not worried about drawing attention away from videogame development – which remains our core activity. We have selected a proven, experienced partner – Anonymous Content – to support us in this process.

**Emil:** Aren't you afraid that building a new large team to work on the next Cyberpunk game might be too much of a challenge?

**KG:** We are not afraid of such challenges. It is natural for us to plan recruitment – including for Project Orion – in order to implement our release strategy. Last year we launched a hub in Boston to be able to tap into the North American talent pool.

**Piotr:** A serious, tongue-in-cheek question: Ubisoft have announced that they're now releasing AAAA games. In light of this, can you reassess CD PROJEKT's decision to produce “only” AAA games?

**KG:** Ours will be AAAAA. ;)

**PN, KG:** Thank you for taking part in today's chat. We wish you a pleasant, restful holiday!

**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 our future chat sessions.