

Michał Nowakowski (MN): Good afternoon,

My name is Michał Nowakowski and today marks my first time as Joint CEO hosting the CD PROJEKT Group's annual earnings call. I will be co-presenting with Piotr Nielubowicz. Following our presentation we invite you to participate in a Q&A session where we will be joined by Adam Kicinski.

Without a doubt, the highlight of last year was the release of Cyberpunk 2077: Phantom Liberty. The launch of the expansion, along with significant changes brought to the base game by Update 2.0, resulted in a "relaunch" effect, generating interest comparable to other major titles debuting in 2023.

The expansion was enthusiastically received by gamers as well as critics, with rave reviews and multiple industry awards, including two Golden Joysticks for Best Expansion and Best Trailer.

In terms of sales performance, we've already had the pleasure to announce that Phantom Liberty sales had topped 5 million copies in 2023. Achieving such a major milestone in such a short window proves the game's quality and the strength of the Cyberpunk franchise.

Towards the end of the year we also released Cyberpunk 2077: Ultimate Edition. The bundle includes the base game, the Phantom Liberty expansion, and all updates and free DLCs released to-date. It offers a way for players to experience the best Night City has to offer. Cyberpunk 2077: Ultimate Edition is available digitally and physically for current-generation consoles and PC.

Now let me give you a peek at the bigger picture.

By 2023 Cyberpunk 2077 sales had already surpassed 2.2 billion PLN in revenues. The game continued to attract gamers' interest, helped by regular updates and franchise flywheel activities, including Cyberpunk: Edgerunners - the NETFLIX anime series. Last year, owing to the successful release of Phantom Liberty, Cyberpunk 2077 further raised the revenue bar to 3 billion PLN. We are confident in the strength of our product. Supported by the franchise flywheel, we expect it to generate solid revenue flows for years to come, solidifying its status as a longseller.

And while we're on the topic of the franchise flywheel - I'd like to remind you that last year we initiated collaboration with Anonymous Content, a global media production company. Together we will work on a live action project set in the immersive world of Cyberpunk.

Having summarized the main events of 2023, let us now turn to the future. It's time to give you an update on where we stand with each of our upcoming projects.

Let's begin with The Witcher franchise. Polaris will kickstart a new trilogy, expanding the universe presented in past Witcher games. At the moment, this is our most developed project. Although we're still in the pre-production stage, our plan is to begin production in the second half of the year.

Next we have Sirius - the game developed by The Molasses Flood in Boston, with support from our developers. Last year we defined a new framework for this project, which is why Sirius is currently in the early pre-production phase.

The last project from The Witcher franchise - codenamed Canis Majoris - is a remake of the first Witcher game. It is being developed by the Fool's Theory studio under the supervision of CD PROJEKT RED. Work on this iconic game is now at the conceptual stage. It's worth noting that the title will be built from the ground up using Unreal Engine 5, and that it will use the toolset we have been developing for Polaris.

Moving on to the Cyberpunk franchise - as you may already know, Orion is the codename for the sequel to Cyberpunk 2077. In the fourth quarter of 2023 we opened a hub in Boston and kicked off work on the game. It is currently at the conceptual phase, supervised by seasoned studio veterans previously

involved in development of Cyberpunk 2077 and Phantom Liberty. Notably, this February we announced that the Boston hub would be hiring accomplished game industry professionals, with experience in developing top-of-the-line AAA projects.

And, last but not least, let's shed more light on our 3rd IP - Hadar. At the moment of publication of our Strategy Update in late 2022, we had a small strike team laying the foundations for this new IP. This work is steadily progressing, and the team is getting bigger – we are currently exploring key pillars of the game, and the IP is in the conceptual phase. We're really excited by what's coming up.

Since I've just updated you on our projects, let me now briefly walk you through the current engagement of our dev teams.

Compared to our previous update provided in November, the team responsible for maintenance of Cyberpunk 2077 and Phantom Liberty has shrunk, with developers being reassigned to other projects following the release of Phantom Liberty and Update 2.0.

The Polaris team, on the other hand, has grown to over 400 developers, reaching its target size for entering the production phase - this is scheduled for the second half of the year. As for the Sirius team, it has not changed in size compared to the last update.

We are also introducing new categories for Orion and Hadar, as these projects are growing - along with the number of developers involved.

In addition, a completely new group of developers has appeared on the chart, under the "Shared Services" label. These are "central" teams, which become involved in various projects at different stages of production. They are not fully embedded in any particular project - instead, they provide additional capabilities which can be shared among RED teams. They handle tasks such as localization, UX and QA, as well as development of essential tools and technologies. Currently, half of this group serves the needs of Polaris, but this will fluctuate over time as other projects grow in size.

With regard to our recruitment plans, throughout 2024 we plan to maintain the current employment structure. Recruitment will mainly focus on our Boston hub, which is still at an early stage, and we are building its structures.

I'd like to take this opportunity and thank everyone who has been there with us through good and bad - our dedicated team, amazing fans and supportive shareholders. Your support means the world to us!

Now let's move on to financials. I'll hand it over to Piotr – Piotr, the floor is yours.

Piotr Nielubowicz (PN): Thank you Michał. Let's start with our Consolidated Profit and Loss account on slide 9.

In 2023 our consolidated sales revenue driven by Cyberpunk 2077 and Phantom Liberty reached 1 billion 230 million PLN. That's nearly 30% above the revenues of the strong comparative period which was marked by the release of Cyberpunk: EDGERUNNERS anime and the Edgerunners update. This means that 2023 was our second consecutive year of sales growth after the release of Cyberpunk and also our second best year ever. The launch of the expansion in 2023 made a big impact not only on CD PROJEKT RED but also on GOG.com which enjoyed a 25% sales revenue increase vs the preceding year.

Our cost of sales increased as well - primarily driven by the initial amortization of Phantom Liberty and accelerated amortization of the base edition of Cyberpunk. During the second half of 2023 we amortized a significant 40% of Phantom Liberty development budget and 40% of remaining Cyberpunk

2077 undepreciated expenditures as of the end of June 2023. Hence the more than double increase in costs of products and services sold in 2023.

Moving on to operating costs - our selling expenses increased by 54 million PLN, to nearly 244 million. This was mainly driven by a 116 million PLN total budget dedicated to Cyberpunk and Phantom Liberty marketing and promotion in 2023.

As regards administrative expenses - apart from growth in salaries and general costs, the increase in this category was driven mainly by:

- costs related to the introduction of our new incentive programs,
- expenses on early phase works on new products – so-called “research phase” - growing especially towards the end of the year when, after the release, the Phantom Liberty team started relocating to new projects.

Moving further to other operating income and expenses - the positive balance of nearly 30 million PLN was supported by the partial reversal and partial write-off of our development expenditures related to project Sirius. As discussed during our Q1 call, all in all, Sirius impairment adjustments improved our EBIT for this year by nearly 19 million PLN.

This year's results were further supported by financial operations. The reported surplus here, at 69 million PLN, came from usual drivers such as interest from deposits and T-bonds, but also from bookings related to the merger of CD PROJEKT with Spokko. As discussed during our call dedicated to Q3 results, we included Spokko's current year costs and revenues in CD PROJEKT's 2023 profit and loss statement – this decreased our 2023 results by approximately 3 million PLN. Spokko's retained earnings decreased our equity in the retained earnings position - as if Spokko had been part of CD PROJEKT in the past. We also included Spokko's assets and liabilities among CD PROJEKT's assets and liabilities. Naturally, all transactions between Spokko and CD PROJEKT were eliminated book-wise, and therefore – as we recorded Spokko's assets and liabilities, as well as current and historic negative results in our books, we also reversed the historic write-down of Spokko shares in the amount of 27 million PLN - which is part of the discussed financial income line item.

Moving further to our income tax. Although the absolute tax amount in 2023 was higher than in 2022, it was actually proportionally lower when compared to the gross result before taxation. The effective tax rate in 2023 was slightly below 11% - mainly thanks to the application of the IP Box tax regime.

All in all, our net profit for 2023 amounted to 481 million PLN - 39% more than what we achieved in the very solid comparative period. Net profitability of the CD PROJEKT RED segment exceeded 45% while for GOG this factor was close to 4.5%.

I always like to take a long-term perspective of our results. Please take a moment to look at the chart on the next page which illustrates CD PROJEKT Group's consolidated revenues for the last 5 years.

All the efforts to improve and update Cyberpunk, to enrich this universe with new merchandise and Edrunners anime and the release of Phantom Liberty and the Ultimate Edition all paid off, resulting in sustained revenue growth in the recent years.

Moving on to the chart on the next page - number 11 which presents something I am also very proud of. In recent years, solid revenues allowed us to achieve steady profits which we have been reinvesting to finance the development of new games and projects. Some of the surplus was also shared with our shareholders in the form of buy back or dividend. Actually we shared 1 billion PLN with investors over the last 5 years.

Also today the Company's Management Board decided to recommend to the general meeting the payment of a 2023 dividend to shareholders. The proposed amount is 100 million PLN.

Let's now move on to the next slide – number 13 – our consolidated balance sheet.

On the Assets side - first, expenditures on development projects - the core of our business. The balance here increased by 52 million PLN in 2023. This was mainly due to our works on Phantom Liberty, Polaris and Sirius. The new developments were responsible for a 265 million increase, parallel to the decrease coming from depreciation of 232 million PLN driven mainly by Cyberpunk and Phantom Liberty.

At the same time, among current assets, our trade receivables grew by 28 million PLN thanks to higher sales this Q4 versus the Q4 of 2022.

And last but not least - overall the most significant increase on the balance sheet is the total value of cash, deposits and treasury bonds, which are included in the three asset items marked with an asterisk. The total is summed up under the table - and amounts to 1 billion 309 million PLN as of the end of December 2023. I will have a cash flow dedicated slide to give some more insight on our main cash flow drivers last year.

Moving forward to the second part of the balance sheet - slide 14.

Despite paying the dividend, our equity increased, driven mainly by the profits of the current reporting period up to 2.4 billion PLN. At the same time our total liabilities decreased by 35 million PLN. The decrease was distributed quite evenly between the 3 subcategories presented in the table.

Now please move on to the next slide - number 15: CD PROJEKT RED's expenditures on Research, Development, and Service of released games - presented here annually since 2021.

Over this time we have limited our involvement in servicing our games (shown in yellow) and shifted towards development of new games (painted blue). At the end of 2023 we also accelerated research works on new projects - among others: Orion, Canis Majoris and Hadar - included in the green slice. We expect this category to grow further in 2024.

And finally – our simplified cash flow on slide 16.

Cash-wise, the 481 million PLN in net book profit was supported by 245 million PLN in depreciation and amortization for the period. At the same time, cash-wise we invested nearly 273 million PLN in the development of new games and technologies.

During the reporting period we also invested 58 million PLN into tangible and intangible assets – mainly into servers, network infrastructure and developer workstations but also in construction works on the CD PROJEKT campus in Warsaw aimed at its further adaptation to our specific game development needs.

Another 58 million PLN comes from change in receivables, liabilities and provisions. As shown on the balance sheet slide, we experienced a rare situation of growing receivables and decreasing liabilities. This should support our 2024 cash flows but as far as 2023 is considered this change was accountable for a nearly 58 million PLN cash decrease.

During 2023 we also paid out a dividend of almost 100 million PLN.

Afterall, our financial reserves kept in cash, bank deposits and T-bonds increased by 218 million PLN over the reporting period reaching 1.3 billion PLN.

That is all from me for now. We can move onto the Q&A session, thank you!

Q1: Good evening guys, I've got two questions for you: the first one – have you considered licensing either of your big IPs to a third party to make mobile games? Mobile hasn't really been a big feature of your development internally – so can we at some point expect a one-off licensing fee for that kind of project? And the second question – when thinking about expenditures on development projects in 2024, can we assume that the Boston project is going to lead to a notable step-up in the line here, or just a small step-up?

MN: I'll take the first one. For sure, the licensing of IPs to make mobile games: the answer is pretty simple here; it's "yes" – we are considering such a move. In fact, we were pursuing conversations and opportunities like that. We have nothing to announce just yet – but when the time comes, we would. And whether it's going to be a one-off deal or a different business model, in relation to any such potential partnership – we would not comment on the specifics here; plus there's nothing in place that we are talking about – but there's no predesigned business model – whether a one-off fee, or profit sharing. When the time comes, we'll definitely share information.

PN: The second question, I assume, was related to the new team we launched in Boston that's working on the Orion project – comparing this for 2024 and 2023, yes, we'll see additional people and an increase in investments going there, as in 2023 the team did not exist. Still, the project is in the research phase, as mentioned by Michał during the first part of the call.

Q2: Thank you very much and congratulations on a very strong set of results. I have a few questions; the first one is on your incentive program – basically, your new KPIs for the next stage of the incentive program. I think they imply you plan to release one game in 2026 and another game in 2027 – maybe you can comment on whether that's a fair assessment of your plans. That's my first question. Another question would be on the remake of the original Witcher – how many developers are working on that project now, and maybe you could talk about the amount of work to be done on the project given that it's a remake and not a new game. And my final question would be on that media project that you talked about – maybe you could share some additional color on what's happening there; what type of monetization will this partnership with Anonymous Content productions bring to you? Is it just a one-off payment, a licensing agreement – how can it be monetized if this project goes through?

Adam Kiciński (AK): I'll take the first two. So – in terms of the incentive program, we can't comment on this – of course, we have our plans and those goals are based on such plans, but we cannot confirm any releases – the time will come for us to start talking about dates, but as stated in our strategy – we show where we're headed with our franchises and development, but we cannot, unfortunately, talk about specific release dates. And the second one – the remake team – it's mostly being handled externally by Fool's Theory – and it's an independent studio; they build their own team to work on this. We are in early conceptual phase – it's not development yet; we're preparing designs with them – it's an early phase and that's all we can share with you.

MN: I'll respond to the AC media project question. So, there's not a lot of additional color I can give you, but I can definitely mention there's been steady progress on that project. The announcements in projects like that usually come when we've reached certain points useful from the point of view of making such announcements – useful at the moment of making such announcements – in support of the so-called "package" that we're preparing here, that we'll later on look to position with our partner that's going to be responsible for "displaying" the project to the outside world. So, we're not at that stage – obviously – and when it comes to monetization, it really is something we definitely wouldn't

comment on, so no additional comment here – but progress is actually pretty steady and we’re happy with where we stand.

Q2: If I can ask one last question – you mentioned that the most developed game is TW4 – can you say what the second most developed game is?

MN: Just looking at the headcount – that would be Project Sirius developed by The Molasses Flood in Boston. */// Company comment: in terms of team size, the second most advanced project is Project Orion, in terms of project development - Sirius*

Q3: Good evening everyone and thank you for taking my questions. Firstly, if I may follow up on a previous question: you’re expecting TW4 to enter the production phase in the second half of the year. On average, it takes the industry 2-3 years to go from production phase to launch. Would you say that’s what we should expect in this case as well, or should we expect more given that you’re working with a new engine that probably takes time to learn, and so on? Secondly – can you please discuss the risks that you’re planning to take with some of the innovative elements of Project Polaris – even if you could paint it with a broad brush, that would be helpful. And my last question – regarding cloud streaming: what are the economics of the partnership that you’ve recently announced with Amazon Luna? Thank you.

MN: I’ll try to take care of the first two questions. When it comes to the question about years – I can’t respond to it with the precision that you would probably be hoping for, because doing so would be leading on to the release date, which is not something we’ve historically done, and we’re not going to be doing it right now. Revealing release dates is part of the marketing plan, and that’s not something we’re willing to do here. When it comes to the risks of innovative elements – making a new game is always a creative risk, especially since we’re trying to push new boundaries and explore new fields; that’s something we haven’t actually done before. This is a pretty broad paintbrush stroke, for sure, but I cannot go into too much detail without actually talking about the game *per se*. I guess what I’m saying is that you should not be expecting “The Witcher 3 in new clothing” of sorts; of course we’re building on the shoulders of what came before, and on what we’ve learned, but we will be adding new gameplay elements and new mechanics that you have not seen in our previous games. I’d say – doing such things is always a risk; it’s not just repeating what was done before.

AK: The third question was about GOG and Amazon Luna – the collaboration between them aims to enhance game sales through Amazon’s exclusive customer base while maintaining the existing revenue sharing model for developers. This collaboration seeks to elevate GOG’s market presence and draw high-LTV users – while at the same time bolstering GOG’s value proposition for developers and publishers. In practice, this arrangement grants GOG access to Amazon’s huge customer base and device ecosystem, including Fire TVs and more – and gamers who subscribe to Amazon Luna can play their GOG games through the Luna streaming service – and that obviously enhances their experience. Additionally, those game publishers associated with GOG who participate in the Luna program can benefit from different forms of exposure to Amazon channels; so – it’s a very collaborative and available proposition for all parties – and that’s all we can say without revealing any business details between us and Amazon.

P3: May I have a follow up? Are you allowed to discuss any economics, anything about commissions – how does it work? Frankly, I don’t know anything about it.

AK: No, unfortunately not.

Q4: Congratulations on your results. My question relates to cost outlook for 2024 – especially employment levels. You have about 600 game devs and about 1200-1300 total employees. Do you think you could still optimize employment, especially in ex game dev departments, despite 10% layoffs already announced last year?

AK: I'm not sure what kind of employment optimization the question refers to, but as of right now we're very well tuned for the phases the projects are in, so we feel good – for this year – and I would expect a kind of “flat” year in terms of team size. Of course, with some exceptions – the Boston team is growing, but generally, overall, within the Group I would expect a fairly “flat” year in terms of team size. Thank you very much.

Q5: Any update on AI initiatives and how they could impact employment?

AK: Internally we think it can fit our concept of *not* having a few “gigantic” teams working on games. We've been sharing this for quite a while – that we want to keep the size of teams working on our games at a fairly moderate level – 400-500 core team members – and letting them enhance their capabilities with AI is a great opportunity; it fits our strategy – that's what we can say. We're not expecting any cost-cutting related to shrinking teams because of AI.

Q6: Is just 17 developers working on Cyberpunk 2077 enough to support the game?

AK: Yes, it's enough. We are finally happy – since last year – with the state of the game; both the base game and Phantom Liberty - the latter from the very beginning of course, so it's enough – it might even shrink a bit, because as for now, we're not planning any further big updates. Of course, we're still looking at this game and things may change one day, but as for now, 17 is enough.

MN: As it seems we have no more questions, I would like to thank you again for joining us today. If you have any follow-up questions, feel free to contact our great IR team. I wish you all a nice evening – and good bye.