

Michał Nowakowski (MN):

Good afternoon,

My name is Michał Nowakowski and I'll be your host during today's conference, where we sum up the first half of 2025. I will be co-presenting with Piotr Nielubowicz. After the presentation, we will invite you to participate in a Q&A session where we'll be joined by Karolina Gnaś, our VP and Head of Investor Relations.

In the first half of 2025, we've taken important steps to show how The Witcher and Cyberpunk are evolving into more diversified experiences with an even broader reach.

June 3 marked a milestone for CD PROJEKT RED. At State of Unreal 2025 we presented a technical demo of The Witcher 4, developed in partnership with Epic Games. The demo highlighted how our teams are pushing the boundaries of open-world game technology and enhancing Unreal Engine for the next generation of open-world games.

The demo ran at 60 frames per second on a standard PlayStation 5 console, showcasing the capabilities of Unreal Engine 5 and the tools our respective teams are developing to create large, immersive open worlds.

This technical showcase reflects our ambition for The Witcher 4. Our goal is not simply to create another game using Unreal Engine, but to explore new possibilities in immersion, interactivity, and world-building. The innovations we are developing together with Epic Games today will shape the way we create experiences for our players, while also solidifying CD PROJEKT RED's position at the forefront of technological progress in the gaming industry.

We're extremely happy with the amazing reception from the community and gaming media that followed the showcase. It motivates us to carry on with our hard work on delivering The Witcher 4.

Just two days after The Witcher 4 tech demo presentation, Cyberpunk 2077: Ultimate Edition had its premiere as one of the launch titles for the debuting Nintendo Switch 2 console. This event was another important milestone for us, marking the very first time one of our games would be a launch title on a new platform. Our developers truly made the most of the console's features, offering new, exclusive ways to play Cyberpunk 2077. We showcased them in a series of hands-on presentations, attracting praise from the player community and gaming media.

Although we clearly see that sales on the new console are currently dominated by Nintendo's first-party titles, we were very pleased with Cyberpunk being among the best-selling third-party games. We believe that, thanks to its high quality and Switch 2 exclusive enhancements, Cyberpunk 2077: Ultimate Edition is well positioned to benefit from the console's growing user base.

As of June, the vast majority of sales — around 70% — came from physical copies sold. This reflects the strength of our offering. The entire game, along with its expansion, is fully contained on a 64GB cartridge, providing a plug and play experience which players find particularly attractive. This dominance of physical sales continues into the current quarter, with additional stock orders coming in. In the long run we expect the breakdown of sales between these channels to reflect our past experiences, with the share of digital sales progressively increasing as time goes by.

It's worth noting that physical and digital sales channels have different economics. Digital sales naturally yield higher net revenue, while physical copies involve additional manufacturing and packaging costs, as well as distributor fees.

Shortly after the release on Nintendo Switch 2, Cyberpunk 2077: Ultimate Edition appeared on another new platform. On July 17, the game became available on a wide range of Mac computers equipped with Apple Silicon processors. Post-release reviews were very positive, with players and media praising the quality and performance of the port.

The beginning of Q3 saw Cyberpunk 2077 included in PlayStation Plus for Extra and Premium service members. This gives us an opportunity to reach a broad group of PlayStation players. Subscribers gain access to the base game along with all previously released updates. If, after playing the base game, they wish to expand their adventures in Night City, they have the option to purchase the Phantom Liberty expansion.

While we continue to expand the reach of Cyberpunk through new platforms and subscription services, this is not the only path we're taking. We also continue to develop our core franchise through new transmedia projects, and engage audiences beyond games.

Last month, at the Anime Expo convention in Los Angeles, we were thrilled to announce that we were once again teaming up with Studio TRIGGER to create a new standalone anime series set in the world of Cyberpunk 2077. Cyberpunk: Edgerunners 2 is coming exclusively to Netflix, following in the footsteps of the original, critically acclaimed series.

Each of these initiatives — from The Witcher 4 tech demo, through Cyberpunk 2077 arriving on new platforms, to the announcement of Edgerunners 2 — illustrates the way we're taking our strategy forward. Our goal is to combine technological innovation with multiplatform presence and transmedia storytelling to strengthen the long-term value of our brands and grow our global audience.

As we approach the end of my part of the presentation, let me briefly walk you through our current workforce allocation. Our recruitment efforts have significantly sped up over the last three months, and, as a result, the total number of talented developers working across our projects has grown by 10%, reaching almost 800 people.

This growth was primarily driven by our two largest development teams. The Witcher 4 team grew to over 440 developers, while the Cyberpunk 2 project, which transitioned into pre-

production recently in Q2, added 20 new team members. We anticipate further gradual growth in our total developer headcount by the end of the year, particularly for the teams working on projects in the most advanced stages of production.

That would be all from me. Now it's time for financials – I'll hand it over to Piotr.

Piotr Nielubowicz (PN):

Thank you Michał. Good evening everyone.

Let's start with our Consolidated Profit and Loss account on slide 10. Our Group sales revenue for the 1st half of 2025 reached 443 million zloty - 4% more than in the corresponding period last year. Most of the revenues came from sales of our own products. It is worth noting that both the Cyberpunk and The Witcher product families this year generated slightly higher sales than in the corresponding period last year.

Our sales of goods and materials reached 103 million zloty and recorded 28% growth. Both segments recorded visible increases vs last year. In the case of sales of goods and materials in our CD PROJEKT RED segment - the figure reached nearly 19 million zloty. This was driven by our sales of physical cartridges of Cyberpunk 2077: Ultimate Edition for Nintendo Switch 2.

Our cost of products and services sold was lower in H1 2025 compared to H1 2024 mainly for two reasons: first, due to the use of a declining amortisation model; and second, because we extended the amortisation scheme based on an estimation of the useful lives of our assets that was updated at the end of last year.

The cost of goods for resale and materials sold grew in line with the discussed increase of sales in this category.

Moving on to operating costs - in 2025 H1 they remained relatively stable versus last year; however, their structure changed. We had higher selling expenses due to our promotional activity related to the Cyberpunk 2077 launch on Nintendo Switch 2 as well as celebration of the 10th anniversary of The Witcher 3: Wild Hunt and The Witcher 4 tech demo presentation.

At the same time, the administrative expenses decreased - which was mainly driven by the decrease in research work costs after the Cyberpunk 2 project changed its IFRS status in September 2024 from research to development, which qualifies for capitalisation from that point onward.

All in all, our EBIT reached 168 million zł - 20% more than a year ago.

The low income tax for the 1st half of the previous year was not typical for our business - and neither is the relatively high income tax we recorded in the 1st half of this year. As discussed during our last earnings call dedicated to the results of the first quarter - most of this amount -

nearly 22 million zloty - came from adjustments covering prior years, driven mainly by corrections of our bookings related to withholding taxes - events of a one-off nature.

And, finally, our net profit for the first half of this year reached 155 million zł.

The overall net profitability of the Group was 35%. However, it is worth noting that if we eliminated the non-monetary adjustments related to historical taxes booked in Q1 this year, the net profit would be higher than last year and the net profitability ratio would amount to a comparable 39.9%.

Now let's take a look at the next slide – number 11 – our consolidated balance sheet.

On the assets side - first, the core of our business - expenditures on development projects. The balance here increased by 202 million zł. The new developments - mainly The Witcher 4, Cyberpunk 2 and Sirius, but also some projects that are still unannounced - were responsible for a 230 million zloty increase, parallel to the 28 million zł decrease coming from amortisation of the already launched games.

We also continue investing in our local physical assets - as visible in the nearly 40 million zloty increase of the property, plant and equipment line item. This was mainly driven by the final phase of the construction and fitout of a new building at our Warsaw campus - where The Witcher 4 team has already moved in and continues development of the game.

Our trade receivables decreased as of the end of June - which is natural when we compare it with the yearend value, which is usually quite high.

Other current assets increased by nearly 22 million zloty, mainly due to a higher balance of our prepayments, including prepayments for development projects.

The total value of cash, deposits and bonds included in the three asset items marked with an asterisk is summed up under the table - and amounts to 1 billion 427 million zloty as of the end of this June. Our financial position decreased by 45 million zloty this time. Within this change, GOG was responsible for a decrease of 11 million zloty driven by payments to its game suppliers mostly related to Q4 sales. At the same time, CD PROJEKT RED reported a 34 million zloty decrease in its financial reserves, which corresponds to 2.4%. As usual I will have a separate slide to provide some more insight on our main cash flow drivers this year.

Moving forward to equity and liabilities - slide 12.

The decision of our General Meeting, adopted before the end of June, to pay out a 99.9 million zloty dividend at the beginning of July was the main driver of the growth of our liabilities. This dividend payout obligation boosted our other liabilities line as of the end of June.

The decrease in provisions results mainly from payment of bonuses dependent on 2024 results, for which appropriate provisions had been created back then.

Now, please move on to the next slide - number 13: CD PROJEKT RED's expenditures on research works, development, and cost of product maintenance - presented here on a quarterly basis for this and last year.

In line with our strategy, we continue to expand our development activity - both internally and through collaboration with external partners. The visible increase in development expenditures is therefore a natural outcome of accelerating work on our projects. One of the key contributors to this growth was the strengthening of the Boston team - our main recruitment focus - which is responsible for developing Cyberpunk 2. This project - as Michał has already mentioned - entered the pre-production phase in Q2.

And finally – our aggregated cash flow drivers on slide 14.

The 155 million zloty book net profit was supported by 55 million zloty in amortisation, depreciation and non-cash costs of our share-based incentive programs. The overall change in receivables, liabilities, provisions and deferrals boosted our cash flows by 47 million zloty.

At the same time 64 million zloty was expensed on the acquisition of tangible and intangible assets.

Putting investments into currently developed products aside, our ongoing business generated 197 million zł during the first half of 2025.

During the same time, most of our team was engaged in working on new projects - hence the investment of 242 million zloty into new development projects.

All in all, our financial reserves, kept in cash, bank deposits and bonds, decreased by the already mentioned 45 million zloty over the reporting period, reaching 1.43 billion zloty as of the end of June.

That is all from me for now.

We can move on to the Q&A session. Thank you!

Q1: Expenditures on development projects jumped to over 140 million PLN in Q2 vs. about 100 million PLN in Q1. Could you please explain the growth? Should we expect this amount to be repeated in subsequent quarters or is there a one-off element in this matter?

PN: Actually, 140 million PLN is not just the development expenses – it's all together: research, development (a balance sheet perspective) and maintenance. Therefore, for the pure development expenses the amount would be slightly lower. And to answer the core of the question – in general, as we progress with the development of our projects, the expenditures

will naturally increase and we also expect an increase in the coming quarter. The expenses reflect the growth of our internal teams, but also accelerated cooperation with external partners.

Q2: Are you able to determine whether this year's marketing beats so far related to the presentation of The Witcher 4 tech demo and the promotion of Cyberpunk on Switch and others marked the most important marketing events this year? Are you planning any more communications related to yet undisclosed projects this year?

MN: So, were those beats important? Yes, we feel that The Witcher tech demo was an important milestone also marketing-wise; of course, it was a tech demo first and foremost, predominantly, also from our perspective – but the way it resonated with the audience was proof that it was impactful in terms of being a marketing beat as well. And as for Cyberpunk launch on Switch 2 – it was also an important thing for us, especially taking into the account that it was the first time for us where we were launching on the day of a console debut – so yes, this was also an important beat. In terms of ours planning any more communications on undisclosed projects – of course, that's something we cannot comment upon because – you know – we can't share details ahead of something that would be a surprise. So – either yes or no, basically.

Q3: Are you going to make any decisions regarding Hadar future by the end of this year or 2026?

MN: Hadar is still basically an IP concept, so not a game development project yet. We're working on the game's story, its background – so to say; there is some prototyping going on in terms of gameplay, because it's hard not to do that when the end goal is to make a video game – but I'm not sure what you mean by "decisions" – I mean, as in to progress to development, or whether we're going to make [a game] or not...? We want to make this IP happen, so that decision is sort of made in terms of – when we're going to go into development, we will announce it in due time, I think.

Q4: Can you reveal the number of copies of Cyberpunk 2077 sold on the Switch platform?

MN: Unfortunately no; this is not information we're sharing.

MN: Since it seems there are no more questions in text form or on the call, we would like to thank you for joining us today, and – as always – if you have any follow-up questions, feel free to get in touch with our marvelous IR team. We wish you a very pleasant evening. Goodbye – and 'till the next one. Thank you.