CD PROJEKT Group
2013 Financial Results

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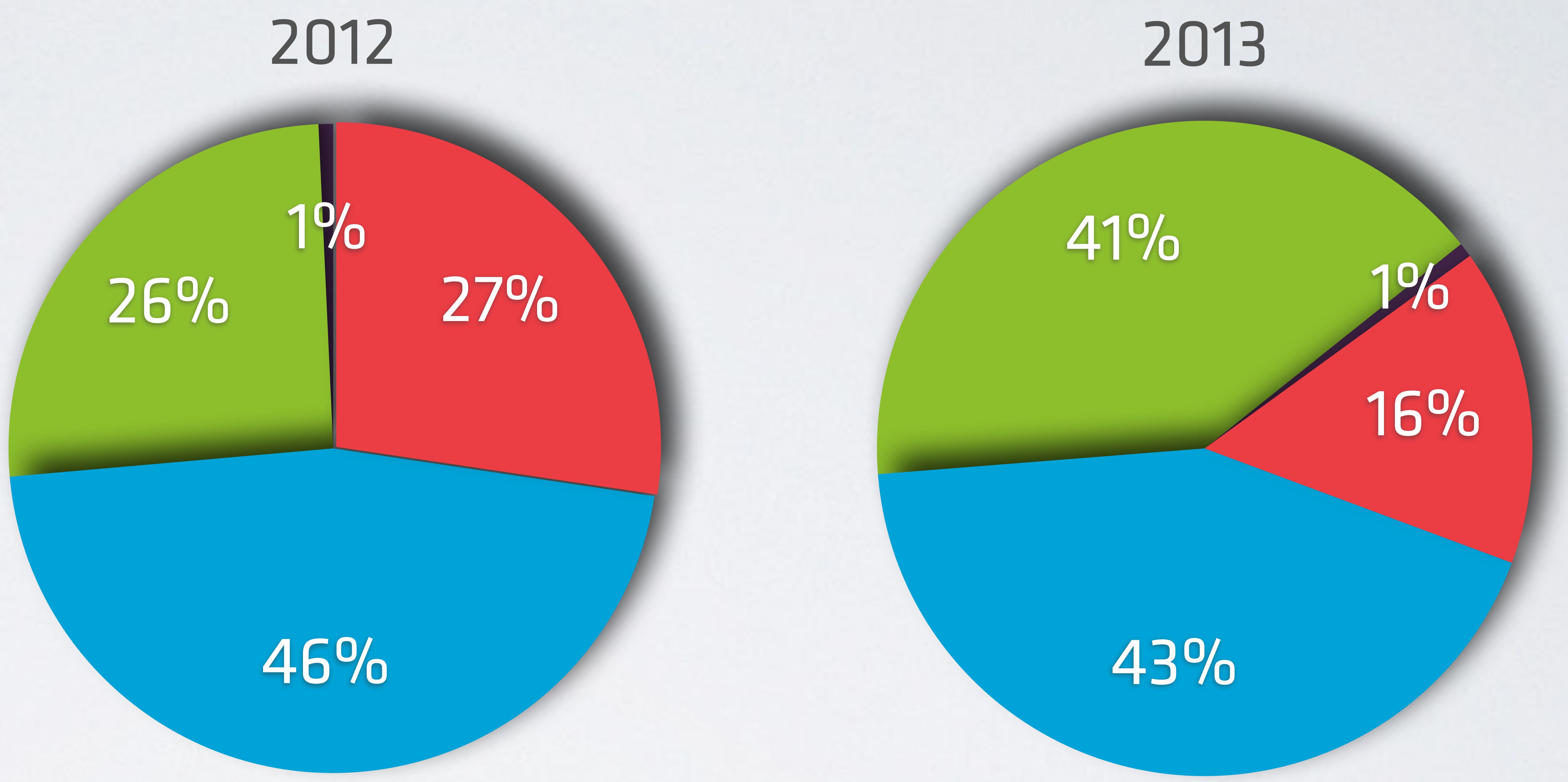
Financial Results

CD PROJEKT Group - financial results

	2012	2013	change
Sales revenues	164 040	142 172	-13%
COGS	93 264	88 827	-5%
Sales profits	70 776	53 345	-25%
Profitability of sales	43%	38%	

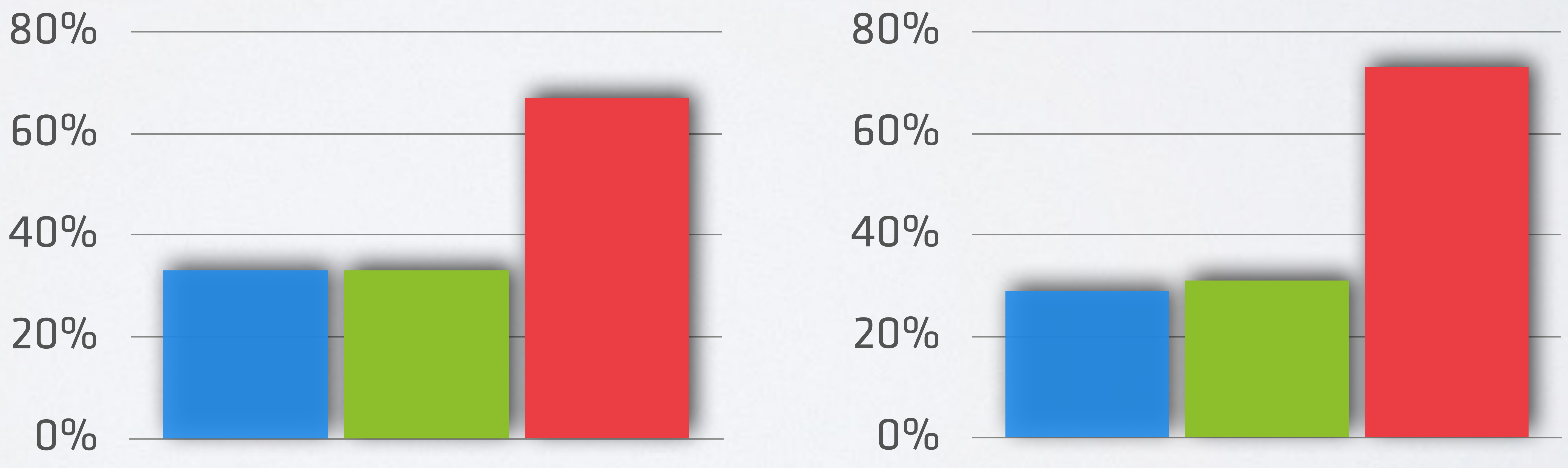
Sales revenues of the CD PROJEKT Group by activity segment

Sales per segment



- cdp.pl
- GOG Ltd.
- Videogame development

Profitability of sales per segment



CD PROJEKT Group - financial results

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Profitability of sales	43%	38%	
Other expenses minus revenues	42 489	36 155	-15%
Gross profit	**28 287**	**17 190**	**-39%**
CIT	162	2 339	1344%
Net profit (parent entity)	**28 125**	**14 900**	**-47%**
Effective CIT rate	1%	14%	

CD PROJEKT Group - P&L

	Q1	Q2	Q3	Q4	2013
Sales revenues	27 814	35 244	40 153	38 961	142 172
COGS	17 207	21 497	25 124	24 999	88 827
Sales profits	10 607	13 747	15 029	13 962	53 345
Profitability of sales	38%	39%	37%	36%	38%
Other expenses minus revenues	7 301	9 434	9 784	9 636	36 155
Gross profit	**3 306**	**4 313**	**5 245**	**4 326**	**17 190**
CIT	-765	673	818	1 613	2 339
Net profit (parent entity)	**4 071**	**3 640**	**4 427**	**2 762**	**14 900**
Effective CIT rate	-23%	16%	16%	37%	14%

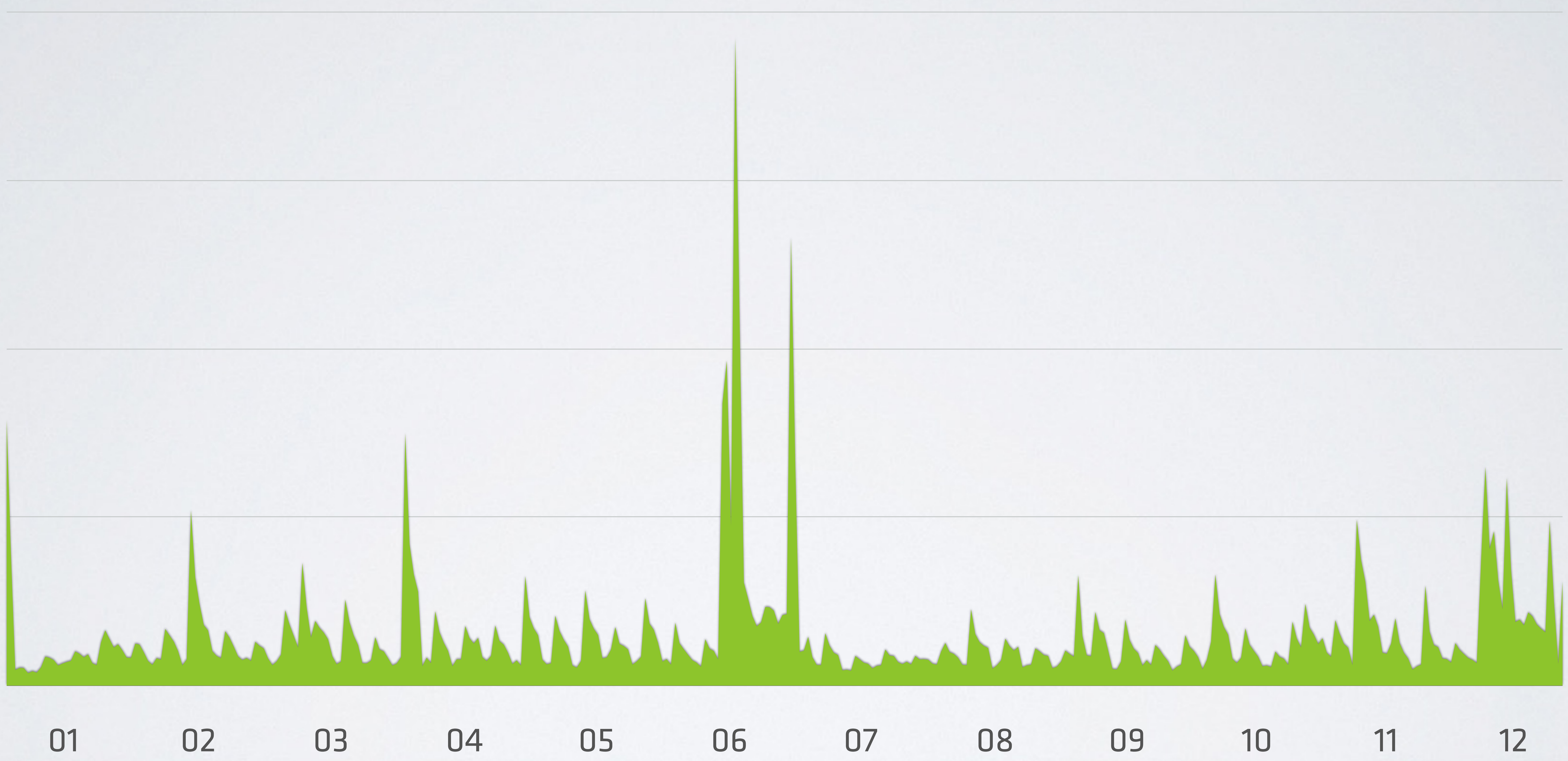
CDP.pl (Distribution and publishing activities in Poland) - results

	2012	2013	change	2012	2013	change
				excluding sale of brand name		
Sales revenues	76 895	61 255	-20%	76 895	61 255	-20%
COGS	51 836	43 690	-16%	51 836	43 690	-16%
Sales profits	25 059	17 565	-30%	25 059	17 565	-30%
Profitability of sales	33%	29%		33%	29%	
Other expenses minus	19 192	8 896	-54%	28 374	18 078	-36%
Gross profit	**5 867**	**8 669**	**48%**	**-3 315**	**-513**	**-85%**
CIT	-1 745	1 414	-181%	-1 745	1 414	-181%
Net profit (parent entity)	**7 612**	**7 255**	**-5%**	**-1 570**	**-1 927**	**23%**
Effective CIT rate	-30%	16%				
Sales revenues	9 182	9 182				

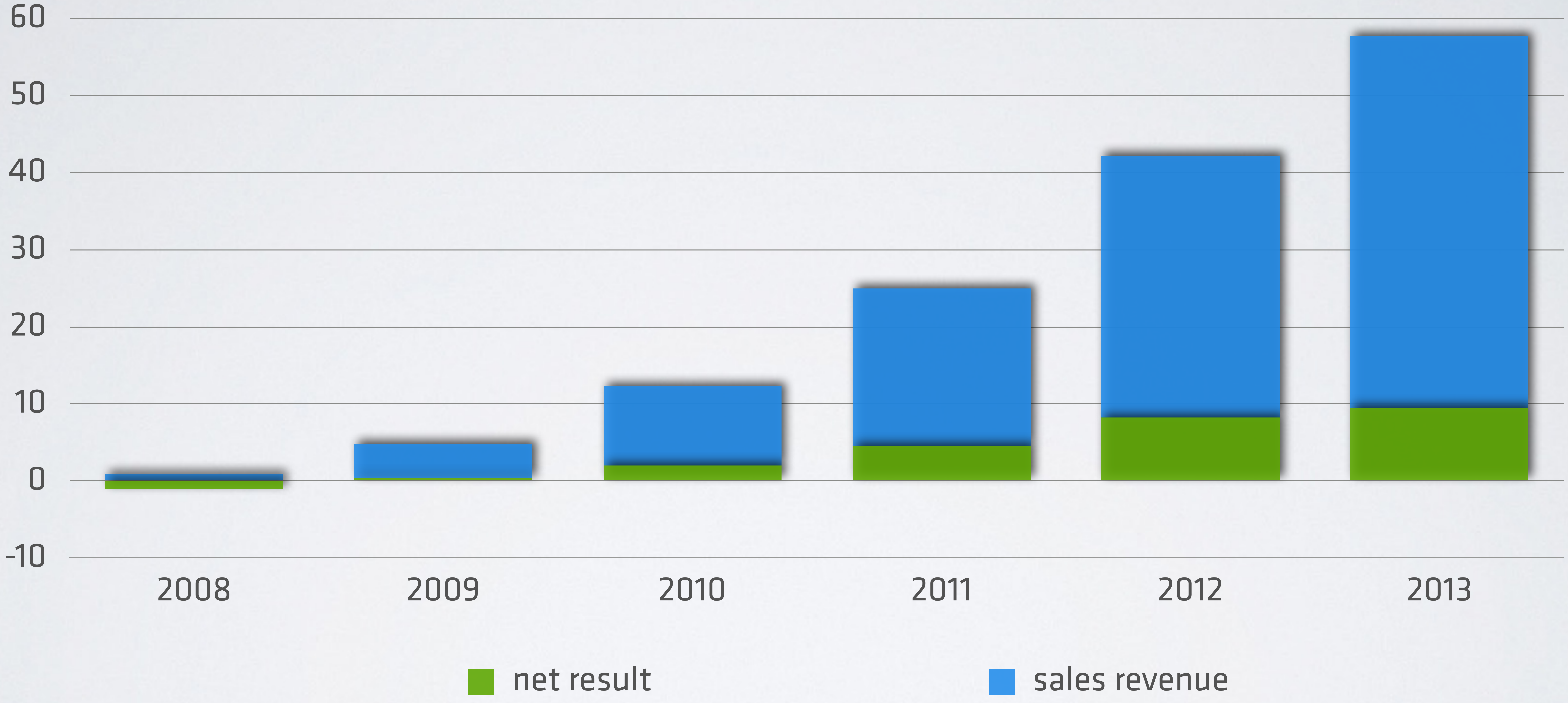
GOG.com (Global digital videogame distribution) - results

	GOG Poland			GOG Ltd.		
	2012	2013	change	2012	2013	change
Sales revenues	4 108	6 172	50%	42 250	57 634	36%
COGS	3 656	5 696	56%	28 102	39 805	42%
Sales profits	452	476	5%	14 148	17 828	26%
Profitability of sales	11%	8%		33%	31%	
Other expenses minus	361	333	-8%	5 016	7 000	40%
Gross profit	**90**	**144**	**59%**	**9 132**	**10 829**	**19%**
CIT	34	44	31%	941	1 413	50%
Net profit (parent entity)	**56**	**99**	**77%**	**8 191**	**9 416**	**15%**
Effective CIT rate	38%	31%		10%	13%	

GOG - daily sales in 2013



GOG.com - longterm growth dynamics



CD PROJEKT RED (Videogame development) - results

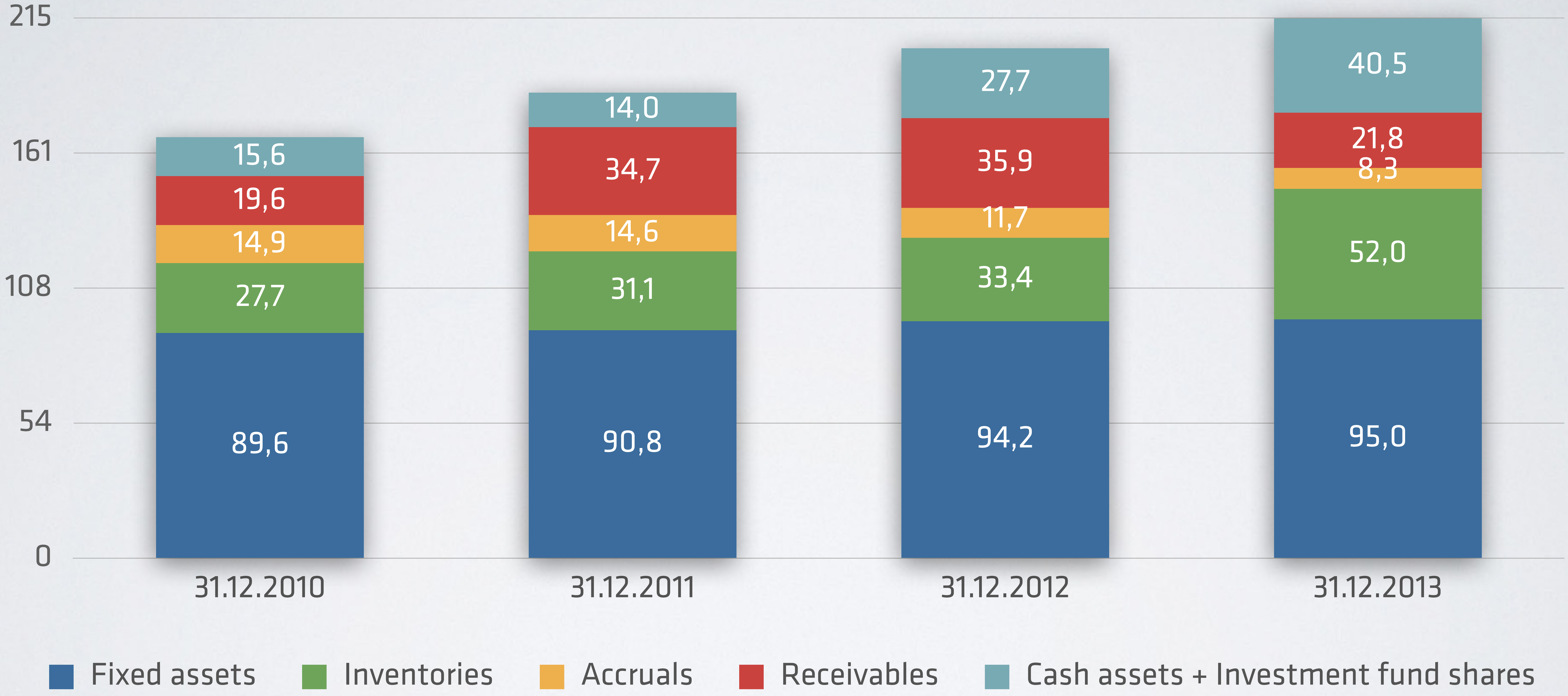
	2012	2013	change
Sales revenues	47 478	23 579	-50%
COGS	15 520	6 337	-59%
Sales profits	31 958	17 242	-46%
Profitability of sales	67%	73%	9%
Other expenses minus revenues	7 387	11 174	51%
Gross profit	**24 571**	**6 068**	**-75%**
CIT	2 842	972	-66%
Net profit (parent entity)	**21 729**	**5 096**	**-77%**
Effective CIT rate	12%	16%	

CD PROJEKT Group - other activities

	2012	2013	change	excl. dividend 2012	excl. dividend 2013	excl. dividend change
Sales revenues	6 202	6 473	4%	6 202	6 473	4%
COGS	549	654	19%	549	654	19%
Sales profits	5 653	5 819	3%	5 653	5 819	3%
Profitability of sales	91%	90%		91%	90%	
Other expenses minus revenues	3 677	-8 016	-318%	7 845	5 450	-31%
Gross profit	**1 976**	**13 835**	**600%**	**-2 192**	**369**	**-117%**
CIT	-166	253	-252%	-166	253	-252%
Net profit (parent entity)	**2 142**	**13 582**	**534%**	-2 026	116	-106%

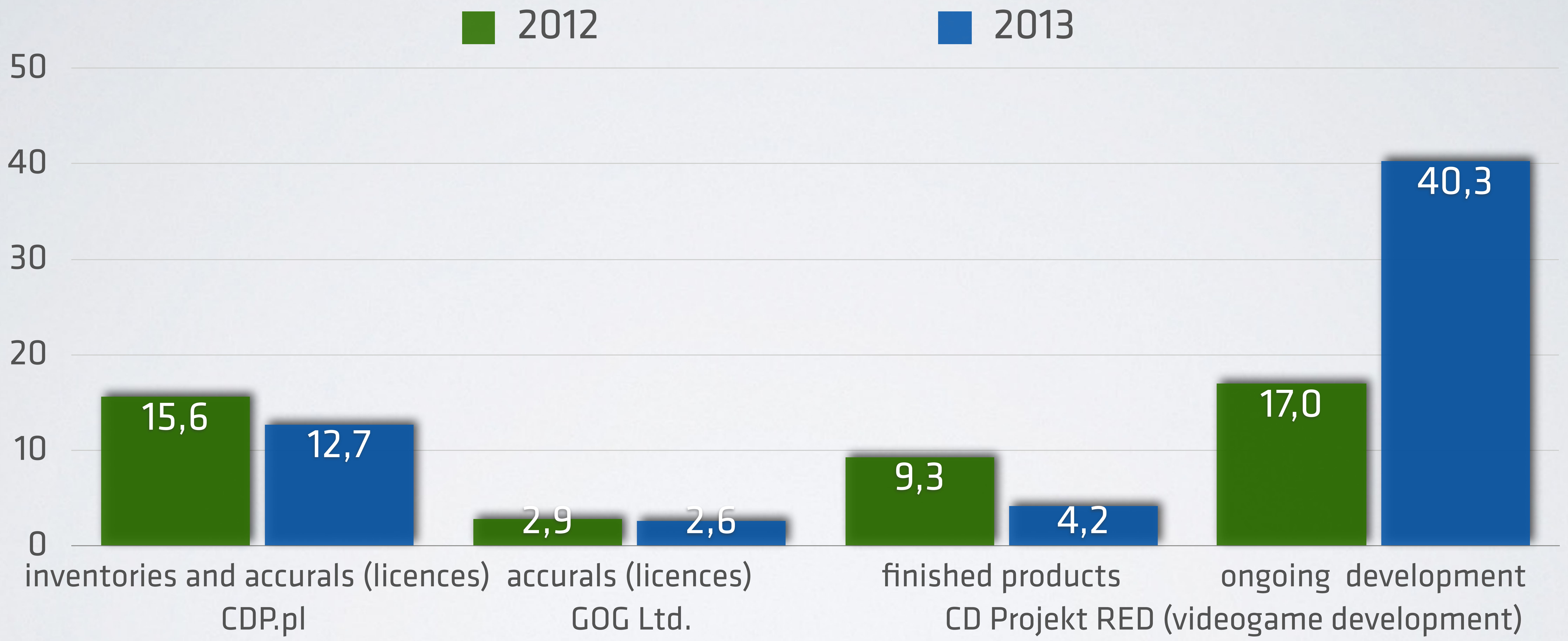
Including divivends collected	4 168	13 466	323%

CD PROJEKT Group - asset class breakdown



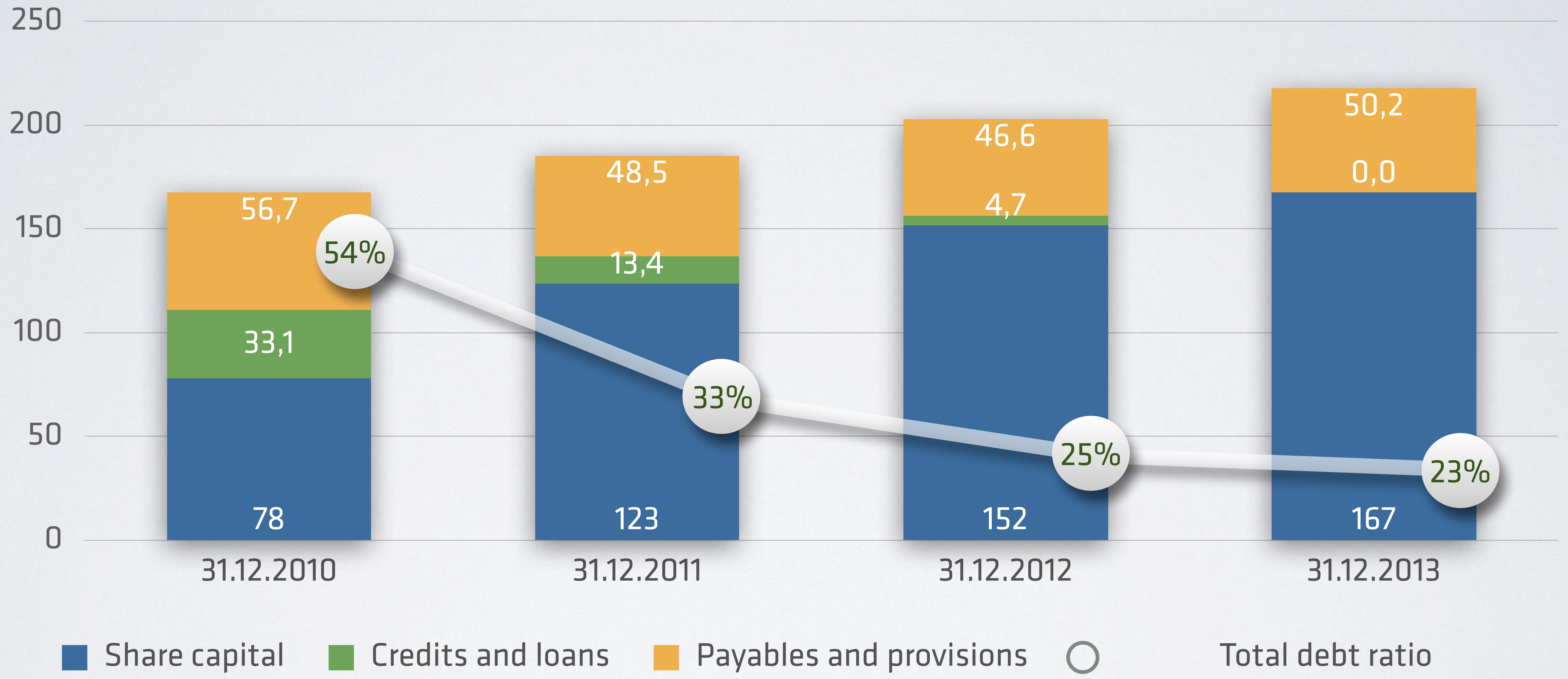
*all figures in PLN millions

Selected assets of the CD PROJEKT Group



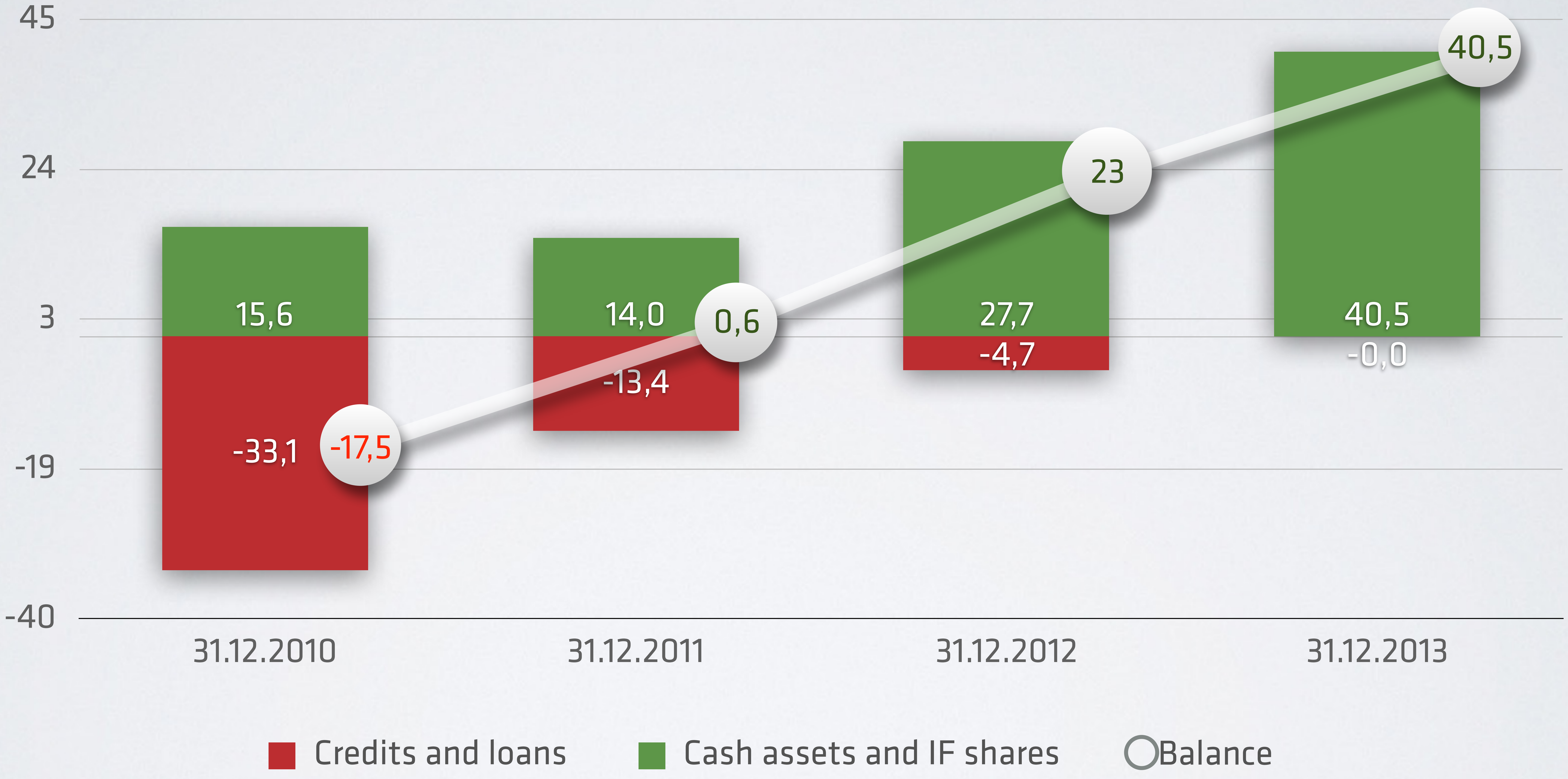
*all figures in PLN millions

CD PROJEKT Group - liability class breakdown



*all figures in PLN millions

CD PROJEKT Group - cash balance



*all figures in PLN millions

CD PROJEKT Group – cash flows (part 1)

	2012	2013
Net profit/loss	**28 125**	**14 851**
Change in inventories *	-2 255	-18 600
Change in receivables	-2 586	14 264
Change in other liabilities **	-2 436	4 990
Other adjustments	5 107	7 442
Cash from operating activities	**25 955**	**22 947**
Income tax adjustments	740	-893
Cash flow from operating activities	**26 695**	**22 054**

*including balance sheet change in inventories associated with the videogame development segment in 2013 (23,315 thousand PLN)
**including balance sheet change associated with collected advances for royalties for the first contracts signed in 2013 (15,586 thousand PLN)

CD PROJEKT Group – consolidated cash flows (part 2)

	2012	2013
Cash flows from operating activities	**26 695**	**22 054**
Inflows	4 418	880
Outflows*	4 543	5 007
Cash flows from investment activities	**-125**	**-4 127**
Inflows	1 674	71
Outflows (mostly repayment of credits)	11 197	5 180
Cash flows from financial activities	**-9 523**	**-5 109**
Aggregate net cash flows	**17 047**	**12 818**
Cash assets at end of period	**26 866**	**39 684**
Investment fund shares	855	804
Cash assets and IF shares	**27 721**	**40 488**

*mostly purchases of intangible, legal and fixed assets cdp.pl

Distribution and publishing in Poland

CDP.pl - 2013 summary

- Expansion of CDP.pl digital distribution catalogue with new entertainment product classes: e-books and e-comics (March); motion pictures and audiobooks (October).
- Conclusion of digital distribution contracts with new partners: EA (FIFA, Battlefield, Dragon Age), Warner Bros (LEGO, Batman), Paradox Interactive (Europa Universalis, Crusader Kings).
- Expansion of retail distribution of boxed games in collaboration with dynamically growing discount store chains – Biedronka and Lidl.
- Exclusive release (in December 2013) of Andrzej Sapkowski's bestselling e-book: Wiedźmin: Sezon Burz.

CDP.pl - plans for 2014

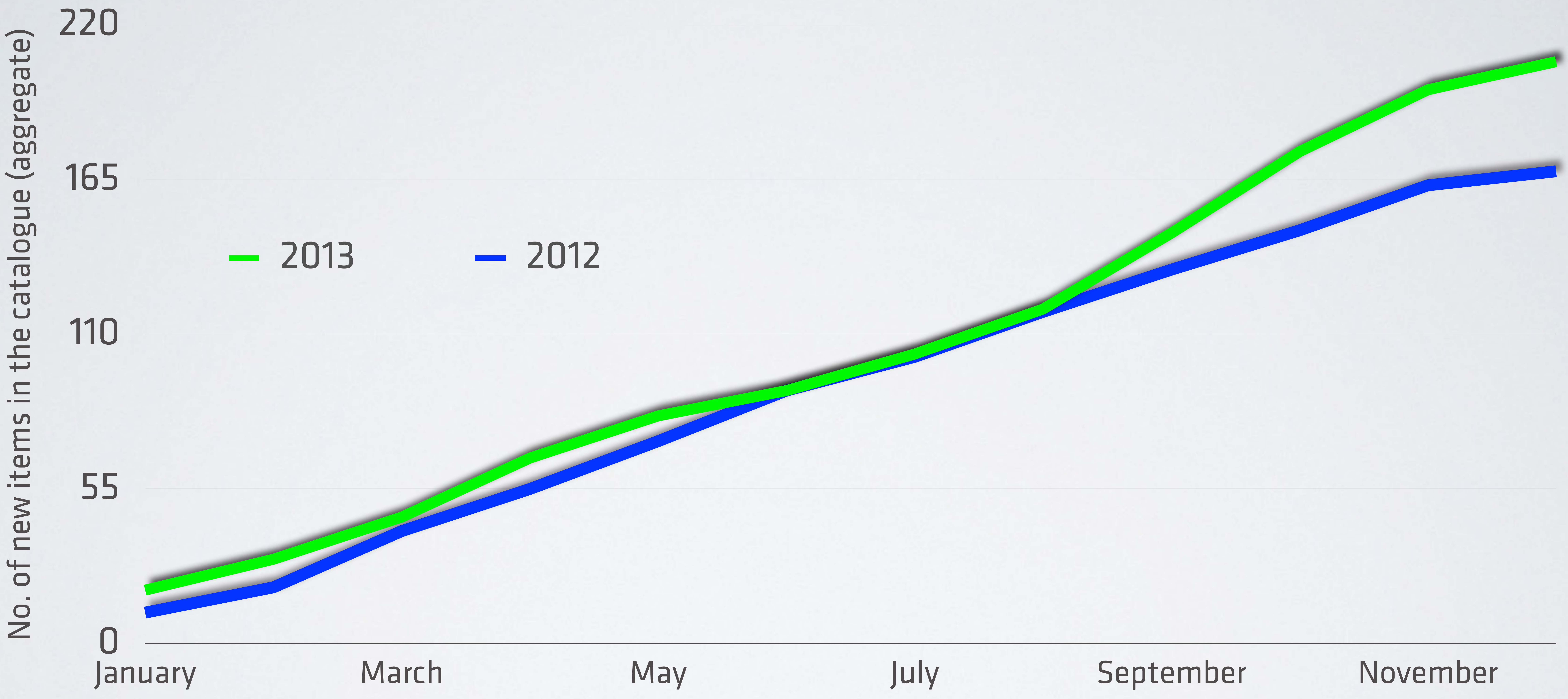
- Expansion of the CDP.pl platform with new content for Mac computers.
- Videogame releases: Diablo III: Reaper of Souls; digital premieres by EA, Ubisoft, Codemasters, and Warner Bros.
- Motion picture releases – Frozen, Planes 2, Captain America, Saving Mr. Banks, Thor 2.
- Release of The Witcher Adventure Game on the domestic market.
- Rollout of new motion picture distribution service on the CDP.pl platform.

Global digital videogame distribution

GOG.com - 2013 summary

- 80% year-to-year increase in number of users, following more than four years of continued growth.
- New initiative targeted at indie developers: extending marketing and financial support to creators of promising games. Over 700 submissions received by the end of 2013, with the first projects already completed and published on the GOG.com platform.
- GOG.com named one of the 50 best websites in the world by the prestigious TIME magazine.
- For the second time in a row GOG.com paid out a dividend to CD PROJEKT S.A. (equivalent to 1.5 million EUR in 2013).
- Further development work on an unannounced innovative service scheduled for rollout in 2014.

GOG.com - expansion of product catalogue



GOG.com - plans for 2014 (part 1)

- Transactions in local currencies: confirmed support for EUR, GBP, AUD, RUB; others may follow later in 2014.
- Support for local payment methods popular in selected countries: Giropay (Germany and France), Sofort (Germany), Ideal (The Netherlands), MoneyBookers (worldwide), Qiwi (Russia), Webmoney (Russia), Yandex (Russia).
- Support for third major OS – Linux – with a wide range of videogame releases.
- Finalizing work on a new R&D project, followed by official announcement and deployment of the new technology.

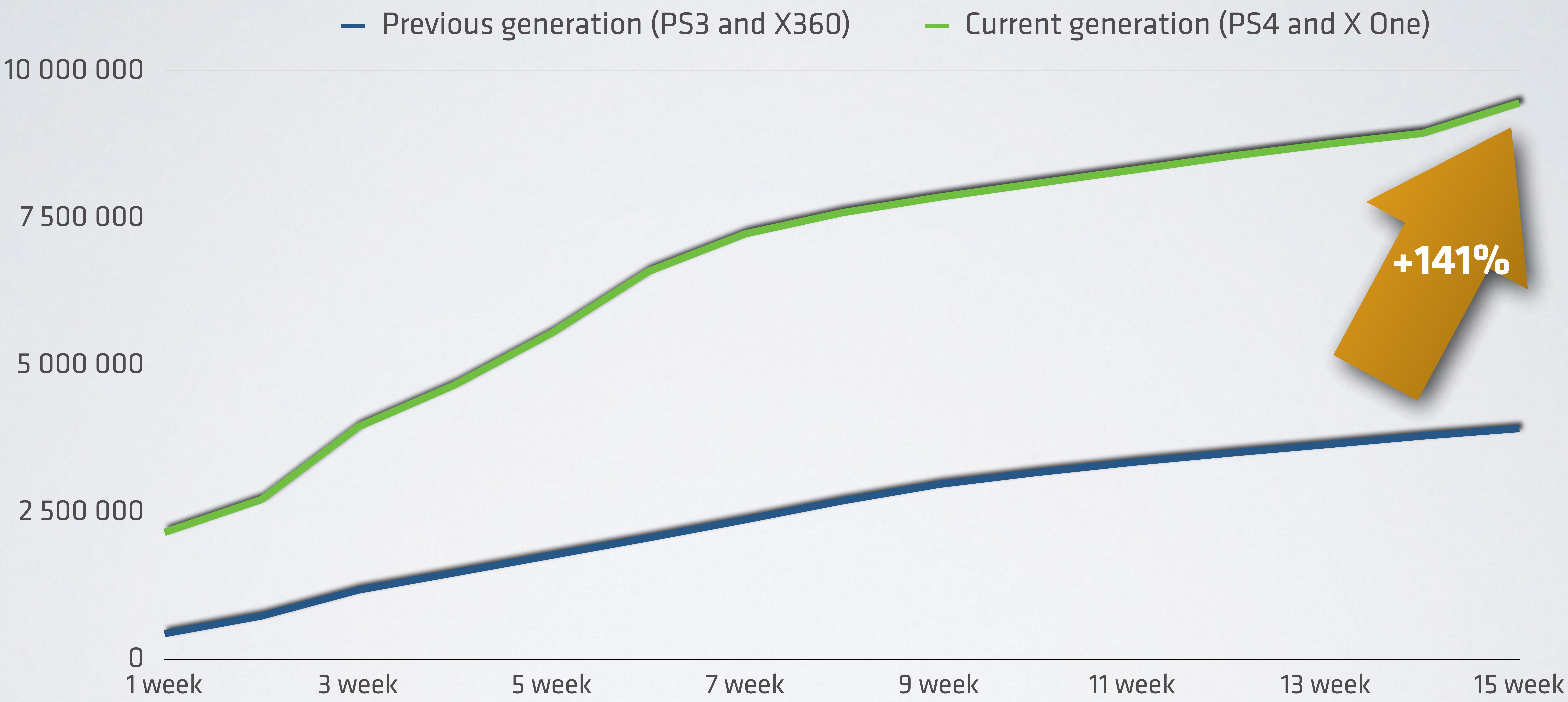
GOG.com - expected outcome of deployment of new technology

- Expansion of product catalogue with brand-new videogame releases (heretofore unavailable under the current GOG.com business model);
- Attracting new clients who find the current GOG.com model lacking;
- Increased user satisfaction through introduction of new features and product catalogue expansion.

Rollout scheduled for E3 in mid-July

Videogame development

PlayStation 4 and Xbox One - unit purchased by end users



Source: www.vgchartz.com

CD PROJEKT RED - 2013 summary

- Cyberpunk 2077 teaser trailer released and viewed over 10 million times.
- First presentations of The Witcher 3 gameplay enthusiastically received by gamers, international media and the business community.
- New development studio in Kraków.
- Distribution and promotional contracts for The Witcher 3 in key markets concluded on favorable terms.
- Another year of better-than-expected sales of The Witcher and The Witcher 2.

The Witcher and The Witcher 2 - aggregate sales

7 MLN

copies sold

The Witcher 3 – one of the world’s most anticipated games

- Featured on the cover of authoritative international gaming magazines, including Game Informer, Edge, Canard PC, PC Gamer and GameStar.
- Overbooked presentations and showcases – attended by over 2 thousand top media representatives and business partners at E3, Gamescom, Brasil Game Show, Igromir and Tokyo Game Show.
- Over 90 prestigious media and gamers’ awards.
- Named the most anticipated game by IGN, GameSpot, Eurogamer, Joystiq, GRY-online, The Angry Joe Show and others.

The Witcher 3 - project status

- All storylines completed and fully implemented
- All dialogues and voiceovers completed and currently being recorded in various language versions
- Game world fully fleshed out; all locations and significant gameplay mechanics in place
- Graphic assets and animations nearing completion
- Game can be played through from beginning to end
- REDEngine 3 supports all three target platforms
- Bonus collector's edition items being manufactured

The Witcher 3 - remaining tasks

- Implementation of final optional quests
- Finalization of individual language versions; immersion testing of audio content and potential adjustments
- Gameplay tests and balance changes to maximize playability and ensure that the game remains challenging until the very end
- Ongoing improvements to graphic assets, animations, visual effects, music and sound – expected to continue until release
- REDEngine 3 performance optimizations ensuring optimal resource usage on all supported platforms

The Witcher 3 - release in February 2015

- Fewer competing products scheduled for release at the same time
- Increased impact of marketing campaign directed at motivated players (rather than at clients shopping for “random” presents)
- Improved product quality – with the final 20% of effort translating into 80% of the game’s appeal
- Greater number of current-generation consoles owned by users after the holiday period = a larger pool of potential clients
- Broader post-release marketing plans ensuring optimal exploitation of the 2015 Christmas effect

We expect that postponing the release date until February 2015 will ultimately enable us to sell more copies of the game and secure higher revenues compared to a 2014 holiday period release.

CD Projekt RED – plans for 2014 – The Witcher comic

First issue to appear in US bookstores tomorrow.

Four more issued to follow in 2014.

CD Projekt RED – plans for 2014 – The Witcher Adventure Game

Renowned global publisher – Fantasy Flight Games

Expected availability in 10 language versions

Premium-class product (SRP: 60 USD)

Release in Q3 2014

Concurrent release for iOS and Android tablets

Online and offline multiplayer modes

Traditional payment model

Full digital distribution rights

CD Projekt RED – plans for 2014 – summary

- Publication of paperback and digital editions of The Witcher comics
- Further intensive promotional campaign supporting the upcoming release of The Witcher 3 – presence in respected gaming media and at key trade fairs
- Final refinement, testing and optimization of The Witcher 3
- The Witcher 3 preorder campaign
- Release of The Witcher Adventure Game (physical edition)
- Two new games for mobile platforms – The Witcher Adventure Game and a new, unannounced multiplatform project

CD Projekt RED – plans for 2014 – new project

- Multiplatform mobile game exploiting the advanced technical capabilities of modern tablet devices and smartphones, developed in collaboration with an external studio
- Groundbreaking gameplay and business model
- Under development for over a year, in parallel to ongoing work on The Witcher 3: Wild Hunt and Cyberpunk 2077
- Official announcement to coincide with launch of closed beta subscriptions
- Full release expected by the end of 2014.

CD PROJEKT S.A.

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Thank you!