

# CD PROJEKT CAPITAL GROUP RESULTS – H1 2016

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# AGENDA

Key events of H1 2016



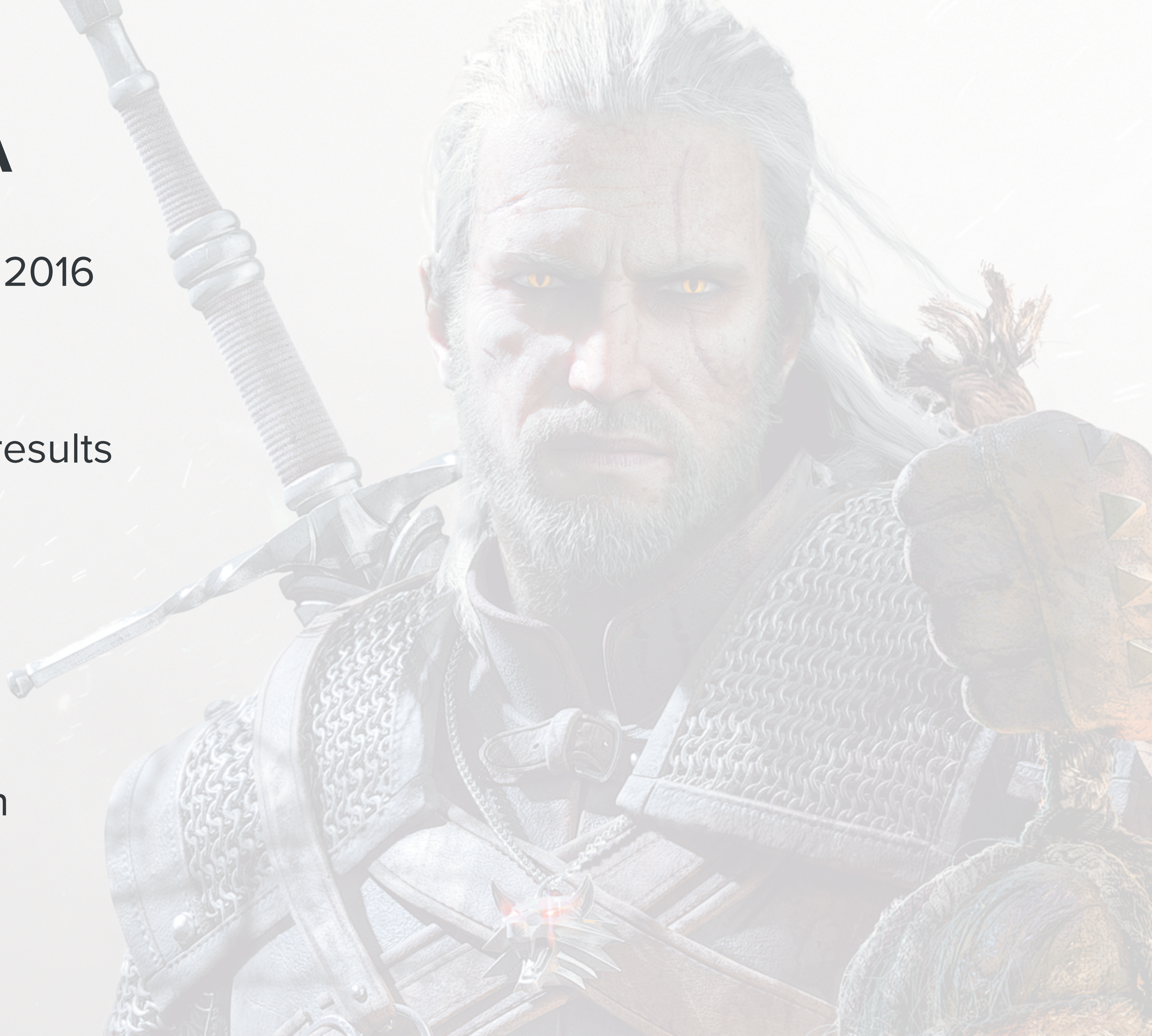
H1 2016 financial results



GWENT



Q&A session



# KEY EVENTS OF H1 2016



Second expansion pack released



Sales of expansion packs on GOG – the **Galaxy effect**



Brand new game type announced at E3

# THE WITCHER WILD HUNT

EXPANSION PACK  
**BLOOD AND WINE**

**30+ HOURS  
OF NEW ADVENTURES**

**92**  






# FINANCIAL RESULTS

# CD PROJEKT GROUP - FINANCIAL HIGHLIGHTS

|  | H1.2011<br>W2 PC | H1.2012<br>W2 X360 | H1.2013       | H1.2014       | H1.2015<br>W3  | H1.2016<br>B&W + Exp Pass |
|--|------------------|--------------------|---------------|---------------|----------------|---------------------------|
| <b>Sales revenues</b>                            | <b>80 300</b>    | <b>71 442</b>      | <b>63 058</b> | <b>74 588</b> | <b>512 697</b> | <b>318 996</b>            |
| <i>CD PROJEKT RED</i>                            | 33 196           | 23 100             | 9 982         | 12 408        | 448 655        | 249 670                   |
| <i>GOG.com</i>                                   | 11 196           | 15 519             | 30 768        | 31 003        | 63 899         | 69 259                    |
| <i>Other activities</i>                          | 771              | 685                | 477           | 431           | 143            | 67                        |
| <i>Videogame distribution in Poland</i>          | 35 137           | 32 138             | 21 831        | 30 746        |                |                           |
| <b>Gross profit from sales</b>                   | <b>41 376</b>    | <b>31 806</b>      | <b>23 001</b> | <b>24 867</b> | <b>379 940</b> | <b>243 703</b>            |
| Expenses less revenues<br>(operating activities) | 17 957           | 17 944             | 16 021        | 19 794        | 91 393         | 80 585                    |
| <b>Profit from operating activities</b>          | <b>23 419</b>    | <b>13 862</b>      | <b>6 980</b>  | <b>5 073</b>  | <b>288 547</b> | <b>163 118</b>            |
| Financial revenues less expenses                 | -416             | 319                | 639           | 1 281         | -4 529         | 4 398                     |
| <b>Pre-tax profit</b>                            | <b>23 003</b>    | <b>14 181</b>      | <b>7 619</b>  | <b>6 354</b>  | <b>284 018</b> | <b>167 516</b>            |
| Income tax                                       | 2 554            | 371                | -92           | 1 702         | 47 766         | 32 834                    |
| <b>Net profit from continuing operations</b>     | <b>20 449</b>    | <b>13 810</b>      | <b>7 711</b>  | <b>4 652</b>  | <b>236 252</b> | <b>134 682</b>            |
| <b>Net profitability</b>                         | <b>25%</b>       | <b>19%</b>         | <b>12%</b>    | <b>6%</b>     | <b>46%</b>     | <b>42%</b>                |

all figures are given in PLN thousands

# CD PROJEKT GROUP - ASSETS

|   | 2015-03-31     | 2015-06-30     | 2015-12-31     | 2016-03-31     | 2016-06-30     |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Fixed assets</b>                         | <b>191 326</b> | <b>153 932</b> | <b>137 997</b> | <b>153 534</b> | <b>140 220</b> |
| Expenses on development projects:           | 97 339         | 48 562         | 33 581         | 46 170         | 33 503         |
| - <i>ongoing projects</i>                   | 97 339         | 16 698         | 28 484         | 42 638         | 33 503         |
| - <i>finished projects</i>                  |                | 31 864         | 5 097          | 3 532          |                |
| Other fixed assets                          | 93 987         | 105 370        | 104 416        | 107 364        | 106 717        |
| <b>Working assets</b>                       | <b>71 792</b>  | <b>411 679</b> | <b>521 178</b> | <b>530 371</b> | <b>620 540</b> |
| Inventories                                 | 9 219          | 840            | 619            | 2 005          | 483            |
| Receivables                                 | 25 267         | 235 338        | 114 234        | 82 173         | 103 049        |
| Prepaid expenses and other financial assets | 7 823          | 11 305         | 12 688         | 11 316         | 12 685         |
| Cash and cash equivalents                   | 29 483         | 164 196        | 393 637        | 434 877        | 504 323        |
| <b>TOTAL ASSETS</b>                         | <b>263 118</b> | <b>565 611</b> | <b>659 175</b> | <b>683 905</b> | <b>760 760</b> |

Two largest development projects currently underway are Cyberpunk 2077 and Gwent

The largest completed projects to-date are The Witcher 3 and Hearts of Stone

Mostly intangibles (brands) and goodwill

Mostly trade receivables

Mostly minimal guarantees acquired by [GOG.com](http://GOG.com)

# CD PROJEKT GROUP - LIABILITIES

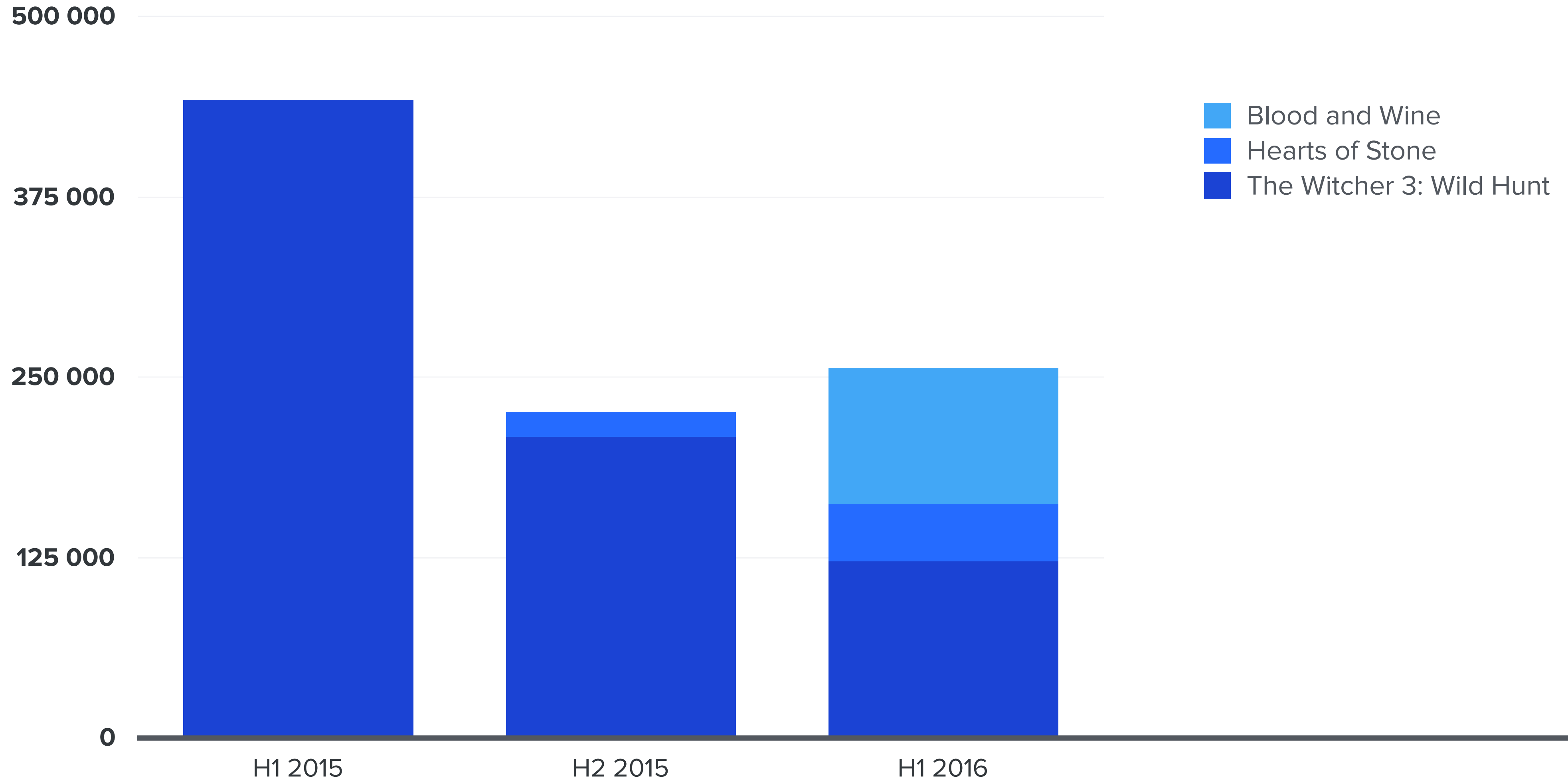
|  | 2015-03-31     | 2015-06-30     | 2015-12-31     | 2016-03-31     | 2016-06-30     |   |
|--|----------------|----------------|----------------|----------------|----------------|---|
| <b>Equity</b>                                      | <b>164 521</b> | <b>405 846</b> | <b>513 675</b> | <b>547 119</b> | <b>650 846</b> |   |
| <b>Long-term liabilities</b>                       | <b>502</b>     | <b>185</b>     | <b>3 643</b>   | <b>553</b>     | <b>5 175</b>   | Mostly deferred income tax provisions   |
| <b>Short-term liabilities</b>                      | <b>98 095</b>  | <b>159 580</b> | <b>141 857</b> | <b>136 233</b> | <b>104 739</b> |   |
| Trade liabilities                                  | 19 282         | 30 365         | 22 603         | 22 364         | 28 961         |   |
| Other liabilities                                  | 72 529         | 20 344         | 46 965         | 59 816         | 5 383          | Historically: mostly advance royalties associated with The Witcher 3, Hearts of Stone and Blood and Wine; currently: mostly VAT liabilities |
| Provisions   | 250            | 58 370         | 56 608         | 45 055         | 66 399         | Mostly provisions for compensation and bonuses dependent on financial result  |
| Other short-term liabilities and deferred revenues | 6 034          | 50 501         | 15 681         | 8 998          | 3 996          |   |
| <b>TOTAL LIABILITIES</b>                           | <b>263 118</b> | <b>565 611</b> | <b>659 175</b> | <b>683 905</b> | <b>760 760</b> |   |



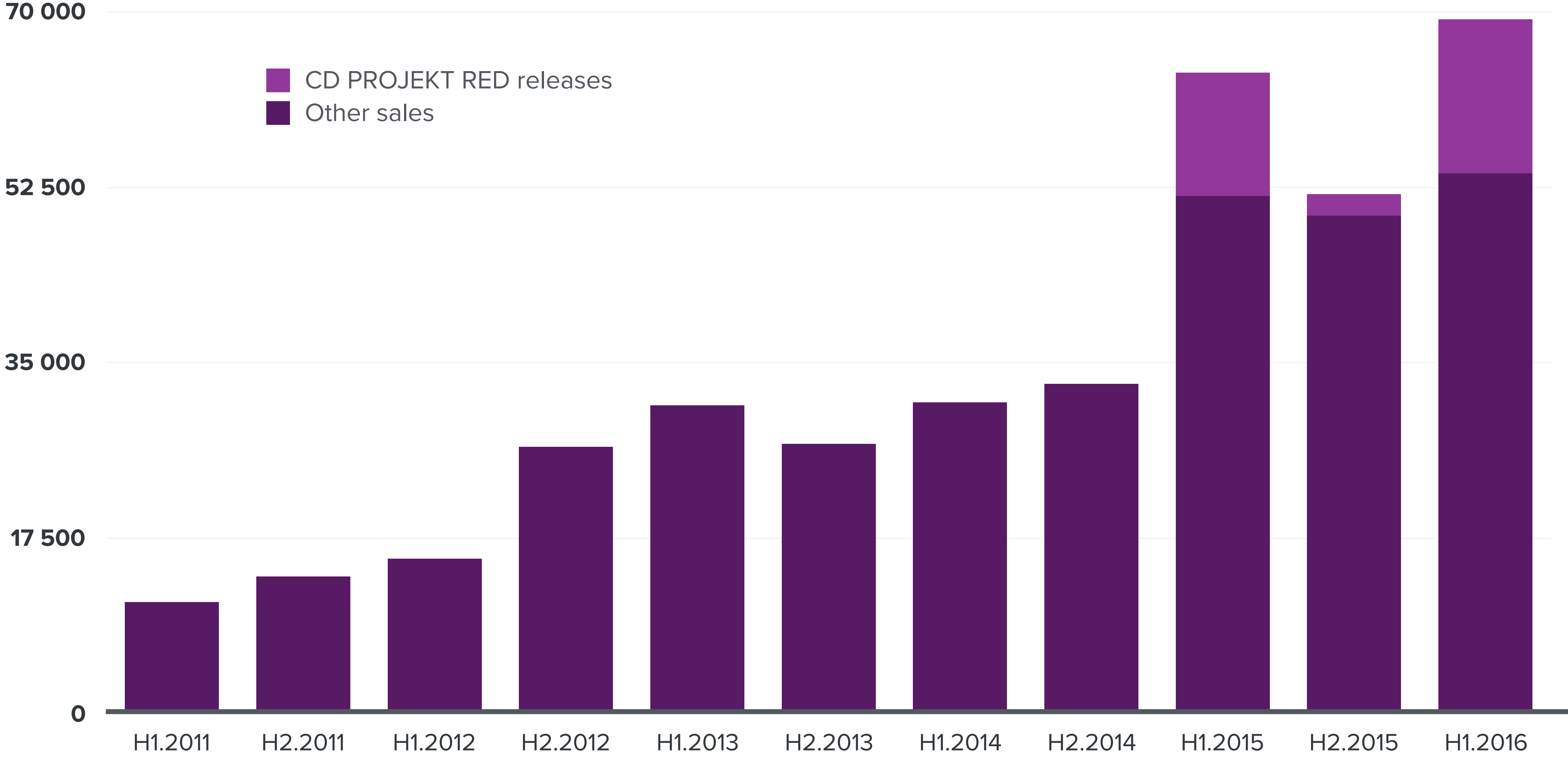
# CASH FLOWS

|   | H1 2015        | H1 2016        |
|---|----------------|----------------|
| Net profit  | 236 252        | 134 682        |
| Depreciation of fixed assets and intangibles/legal assets | 1 354          | 2 722          |
| Depreciation of development expenses                      | 62 329         | 31 397         |
| Other adjustments   | -144 116       | -26 848        |
| <b>Net cash flows from operating activities</b>           | <b>155 819</b> | <b>141 953</b> |
| Inflows from investment activities                        | 151            | 4 116          |
| Outflows – development expenses                           | 21 511         | 28 900         |
| Outflows - others   | 4 514          | 7 023          |
| <b>Net cash flows from investment activities</b>          | <b>-25 874</b> | <b>-31 807</b> |
| <b>Net cash flows from financial activities</b>           | <b>-144</b>    | <b>540</b>     |
| <b>TOTAL NET CASH FLOWS</b>                               | <b>129 801</b> | <b>110 686</b> |
| Cash on hand at end of period                             | 164 196        | 504 323        |

# CD PROJEKT RED – REVENUES FROM W3 AND EXPANSIONS



# GOG – HALF-YEARLY SALES REVENUES





GOG.COM

# GOG – KEY EVENTS OF H1 2016



PLN



CAD



CHF



NOK



SEK



DKK

Support for additional currencies



GWENT



No Man's Sky  
preorder campaign



# STRATEGIC SYNERGY BETWEEN SEGMENTS

**GWENT is developed by a consortium consisting of CD PROJEKT RED and GOG.com**

GOG Galaxy will provide GWENT with:

- Support for cross-platform gaming
- Specialized online services tailored to the needs of the game
- Dedicated multiplayer infrastructure connecting players from all around the world

This collaborative approach enables CD PROJEKT RED to focus on gameplay while GOG.com takes care of online features.



CD PROJEKT RED®



# GWENT

THE WITCHER CARD GAME

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 XBOX ONE

PC

 PS4





WHAT IS GWENT

AAA QUALITY

ONLINE MULTIPLAYER

COLLECTIBLE CARD GAME

FOR THE PC AND CONSOLES





# MONETIZATION

- › Free to play with optional microtransactions
- › Paid single-player campaigns
- › E-sport ready

**CLOSED BETA:**

**25 OCTOBER 2016**





# THE WITCHER® WILD HUNT

## GOTY EDITION

INCLUDES ALL EXTRA CONTENT

EXPANSION PACK  
**HEARTS OF STONE**

EXPANSION PACK  
**BLOOD AND WINE**

**16 DLCs**

 **XBOX ONE**

 **PS4**

**PC DVD-ROM**

# Q&A SESSION



# THANK YOU!

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# LEGAL DISCLAIMER



This report includes forward-looking statements. Because such statements deal with future events, they are subject to various risks and uncertainties and actual results for fiscal year 2016 and beyond could differ materially from the CD PROJEKT's current expectations. Forward-looking statements are identified by words such as "anticipates", "projects", "expects", "plans", "intends", "believes", "estimates," "targets," and other similar expressions that indicate trends and future events.

Factors that could cause the CD PROJEKT's results to differ materially from those expressed in forward-looking statements include, without limitation, variation in demand and acceptance of the Company's products and services, the frequency, magnitude and timing of paper and other raw-material-price changes, general business and economic conditions beyond the Company's control, timing of the completion and integration of acquisitions, the consequences of competitive factors in the marketplace including the ability to attract and retain customers, results of continuous improvement and other cost-containment strategies, and the Company's success in attracting and retaining key personnel. The Company undertakes no obligation to revise or update forward-looking statements as a result of new information, since these statements may no longer be accurate or timely.