Transcription of Creepy Jar's Earnings Call for 2024

Krzysztof Kwiatek:

Hello and welcome to Creepy Jar's 2024 annual results conference. Grzegorz Piekart and Krzysztof Kwiatek are representing the company. As always, Grzegorz will start with the financial part, and then we'll move on to the development part, where we'll mainly talk about StarRupture.

Grzegorz Piekart:

Hello. Starting with Creepy Jar in 2024, in terms of development, last year we released three content expansions for Green Hell on PC. Those were Flamekeeper, Anteater and Decorations. On top of that, in August, we released new versions of Green Hell for the current-generation consoles, PlayStation 5 and Xbox Series X and S, and of course, we worked throughout the year on the development of StarRupture. We will talk about that in more detail in the second part of the presentation. How did our efforts translate into figures in our finances? We achieved nearly 31 million zlotys in revenue, which is 17% less than in 2023, 15.2 million zlotys in EBITDA, which is 11% less than in 2023 and a net profit of 15.9 million zlotys, which is 13% less than in 2023. In total, we sold 1.84 million copies gross of Green Hell on our three main platforms, namely PC, PlayStation and Xbox. At the end of the year, we had nearly 77 million zlotys in financial assets. This is 2.5 million zlotys less than at the end of 2023. We spent 13.1 million zlotys on the development of our games last year, which is half a million more than in 2023. We had 64 permanent team members at the end of the year, which works well with our target team size of some 60-odd people. As we have said a couple of times, we don't want to make major changes. Sometimes this number will fluctuate by one or two people. Natural changes in the company are to be expected, but the core team has stabilized, and we're continuing development with this team.

Turning now to the more detailed financial results, as I mentioned, we had a 17% drop in revenue, coming in at just under 31 million zlotys. This was primarily due to a decline in revenue on console platforms and VR versions. We partially offset this with an increase in revenue from sales on the PC/Steam platform, which we are pleased with. Last year, we were able to generate higher revenue from PCs than we did in the previous year, 2022. At the same time, we had lower operating costs, which fell by nearly 20%. The biggest item here was salaries. They were 1.3 million zlotys lower than in 2023, and third-party services, which fell from 9.5 million zlotys to 6.6 million zlotys. The changes to salaries were mainly due to a decrease in the cost associated with the incentive programme. While the decrease in third-party services was mainly due to lower expenditure on Green Hell's development and lower marketing costs. As for financial income, it was 1.3 million zlotys lower, amounting to 4 million zlotys in 2024. This was mainly due to lower interest income from the bonds and deposits in which we place funds. We had, on average, a lower level of liquid funds last year than in the previous year. As far as the balance sheet is concerned, nothing interesting has happened here. Fixed assets increased by 12.1 million zlotys, mainly due to StarRupture's development expenditures, i.e. of the 12 million zlotys increase, 11 million zlotys is attributable to the increase in StarRupture's development expenditures. Current assets fell by 2.3 million zlotys. We saw a decrease in financial assets, mainly as a result of the dividend we paid out last year of almost 9.2 million zlotys. As far as the passive side of our balance sheet is concerned, it is quite normal. The largest item is own capital, which is 96% of the balance

sheet total. In current liabilities, we have significant trade payables, 1.6 million, and payroll-related liabilities, 1.2 million. The remaining items are of minor importance. What we are very pleased about is that we are still able to generate operating cash flow from our activities. Despite the ageing title, the steps we are taking are still managing to generate positive cash flow. Last year, our operating cash flow amounted to 18.2 million zlotys. This was mainly due to a net profit of 15.9 million zlotys and a total sum of 2.5 million zlotys in adjusted operating profits. As usual, there are large sums in investment activities, which are linked to the purchases and redemptions of bonds that we acquire. These are short-term bonds, so we don't take on long-term risks. And importantly, capital expenditure related to game development, which last year amounted to 11 million zlotys. In terms of financial cash flow, our expenses came to 9.7 million zlotys, mainly linked to the payment of dividends from 2023's profit. That was 9.2 million zlotys out of the 9.7 million zlotys. As we are on the topic of dividend payments, yesterday the board of directors recommended to the General Assembly that a dividend be paid out of the 2024 profit. This payout is to be 11.37 zlotys per share, which is close to 8 million zlotys. As part of this recommendation, the dividend payment date would be 27 June, while the dividend settlement date would be 23 June this year. This recommendation was endorsed by the Supervisory Board, so now the decision is up to the General Assembly. We're planning to have the General Assembly at the beginning of or in the first half of June. We're very pleased with what we're currently showing. Including this next payout, which we have planned or foreseen this year, we will have paid out close to 60 million zlotys over the years to our shareholders. That would be all for now, so I'll turn to Krzysztof, who will tell us what's going on with StarRupture.

Krzysztof:
OK, let's start with the development, and then we'll talk about our marketing activities that go hand in hand with the development. Let's start with our roadmap, which is quite clear. We want to have the Content Complete closed by the end of June, which means having a whole game that has all its features, where everything is playable and everything works. Some of these things are already being worked on. The last features that were still changing or being added some time ago are now being wrapped up. Later, in Q3 it'll be our time to get this game into a state ready for release. Alongside the fine-tuning of the items we didn't get done for Content Complete, there will be a section that focuses heavily on backfixing. That's where the QA team comes in hard and tests the game from every possible angle so that it's as bug-free as possible. And then there's everything connected with performance because we know that even good games can have a very poor start if there are performance problems, and we know that things can be quite difficult with Unreal and not everyone can cope with it. We're aware of that aspect and are very vigilant of it. And of course, there's the whole co-op part of the process. That's the plan for Q3, and then it's time to release the game. We are already planning, watching and looking for a potential release window for the game after Q3. That's what's waiting for us in the coming months. What do we think about the progress of the project so far, and what do we expect it to be like in the near future? In our opinion, everything is going very well. It's a fun time for us in development; we've now got all the features and modules in place. They've been thought up, iterated upon and are now playable. They need tweaking and balancing, but now's the time when we know exactly what we're doing and we're locking all these things in and fine-tuning them. At the same time, there's the excitement of the upcoming premiere, of how things are going to go with the premiere, what we're going to be able

to show, and what the reception is going to be like. These are fun things, and right now the development is going very well. Even though there's not much time, because Content Complete is just two months away, and then in Q3 we have patches and a release, we're not seeing any danger that this release is not going to happen on schedule. It's very pleasing. Of course, something bad, which is beyond our control, could always happen, which would create possible problems. Problems such as finding out a month before our premiere that a big title is being released, or something could happen that would make us think that maybe moving our premiere another week or two would be a good idea. But for us, the most important thing is that it's not something that comes from us and that it won't be the result of delays on our end, where we don't know how to deal with something, because we now know everything and we're moving it forward. That's all for the development part.

Now we'll tell you about the marketing and publicity activities, where, as always, I'll start with the general plan. More videos will definitely be coming out. Their content will expand people's idea of what StarRupture is and, of course, add followers because the goal of such content is always twofold. Firstly, to spread the word of the game and to generate interest, which we would like to see translated into StarRupture wishlist clicks. In addition to videos, playtests are a key element for us. We know that the playtesting will happen between Content Complete, which is at the end of June, and the release, which will be right after Q3. Of course, we don't know the exact date yet, and we're still thinking about its scope all the time, taking into account different things and how certain elements will work from a technical standpoint. The fact that we have playable mechanics is one thing, but the fact that everything has to work in multiplayer, on servers, and so on is another thing. And then there's performance, which will be worked on until launch day because that's something you work on all the time, leading up to and following the launch. It's also an industry standard that not everything is done performance-wise by launch, and patches come out later. All these factors influence our thoughts about playtesting and finding the best solution, but the bottom line is that playtesting has to happen, and we want it very much. That's it about the video, we've got the playtests, and somewhere along the way we'll have that pre-release period. We want to have content that we can share with as many influencers as possible as early as possible before the launch so that the whole launch is strongly supported by a flood of StarRupture content that will happen on the day of the launch, but it's also important to keep that going for the following weeks because that will drive visibility and sales all the time. Is there anything else you would like to add here?

Grzegorz:
I think that's everything.

Krzysztof:
Right, these are our main objectives. I'll take you back to the trailer, which we had announced to you and the players, as it has recently been released. A trailer that was supposed to tell a comprehensive story about StarRupture. Previous footage was more piecemeal, showing some features, but it could also have caused some people to not be able to understand what the game is in its entirety, so we announced this video. I won't hide the fact that we've gone to great lengths to make this video, because it's not CGI footage that is promising things that aren't in the game, and that maybe one day will be. All the footage is taken from what we have and what we are

working on. Showing some of the features required us to push development hard, to refine those elements so that they can be shown as they are. The main purpose of the trailer was to show what the game is about and to generate player understanding of what they are seeing, so they could see if they want to own the game and to show our target level of quality in Early Access. I'll briefly run through a few frames from the trailer to give a brief reminder of what StarRupture is about. The trailer shows building at the micro level, where you build each building separately, you plan it yourself and collect raw materials. To be able to build anything in this world, you have to look for a lot of different resources. This is all micro-level building. Then we go to the macro level, from individual buildings that we put up ourselves to building large, complex factories that are automated, and then it's managing large bases and automating them. Next is combat, which will revolve heavily around base defence. This is a big feature, we're focusing on a large number and variety of enemies, and making base defence an important point of gameplay. One feature that hasn't been shown here yet is also related to base defence, which is the infection. However, as of today, it now works and is being fine-tuned. The co-op theme is highly visible in the trailer. We kept weaving frames in to remind us at every turn that this is not a single-player game, that we'll be playing together, exploring together, defending each other and building together. There's a big fire wave feature that is tied to the rebirth of the world. This is a certain novelty in this type of genre, just as combat is not something you normally expect in this type of game. We are consciously enriching the genre with this combat-related gameplay. Likewise, the changing of the world, the fire wave, the rebirth of the world. We'll have a more marketable name for it. We're still thinking about it, but it's a feature related to the fact that this world is changing, in our case, under the influence of a star exploding. It happens periodically, and the change to the world isn't just visual; it's meant to affect our gameplay, how we move around this world, our limitations, but also what the world reveals to us after such a wave. It'll give us new things that were previously unattainable. There is a Forgotten Engine thread, these are what we call mega machines, which will also be important in terms of gameplay and exploring the world. And we wanted to gently indicate that the game will also have a storyline. For the time being, we are planning to do something very similar to what we did with Green Hell, i.e. give a glimpse of the storyline in Early Access, but we will probably include it as a completed story in version 1.0. We are committed to having that storyline. We've always felt that aside from the gameplay itself, and 90% of this game is gameplay features that will give you hours, weeks and months of driven gameplay in this sandbox, but as game developers, it's a vision close to our hearts that there is something more motivating in the background to explore this world and stay in this game for as long as possible. That's it for the marketing part, and a brief reminder of what StarRupture will be.

Grzegorz:
It's now time for the Q&A.

Q: First question: What was Green Hell's sales volume in Q1 2025?

Grzegorz:
Today we're focusing on 2024. Sometime next month, we will give the preliminary results for the first quarter of 2025. Traditionally, that's when we give this data. As of today, we don't yet have sales data for March.

Q: Is the decrease in third-party services in Q4 2024 due to the end of support for Green Hell?

Grzegorz:
Last year, as a whole, we spent less on Green Hell's support, but yes, more so in the second half of the year. There was a period between the release of the new console versions in August and the end of the year, where we were only finishing Decorations for Green Hell, but that was also in Q3. Yes, we spent very little on Green Hell's support in Q4, and that definitely translated into a drop in third-party services.

Q: What will the cost of the incentive programme in Q1 2025 be?

Grzegorz:
Again, it is difficult for us to talk about it yet, we will discuss the results of 2025 in a month, but in principle, you could count it yourself: the total cost of the programme, which we showed at the end of last year, for two years has been about 7.5 million zlotys. This is the cost for eight quarters, so one-eighth of 7.5 million zlotys is more or less the cost that we should have, which is about 900 thousand zlotys. We expect to be recognising that sort of cost, but we will provide detailed data with the report for Q1.

Q: How many more major features for StarRupture will be released before the Beta release?

Krzysztof:
I take it we're talking about video footage, and by the Beta release, you mean Early Access. We don't know that exactly, we're not focused on quantity here, because we think the trailer that was recently shown was pivotal. It met the goals and objectives that we had expected it to meet. There will definitely be some more content in the near future expanding on the gameplay thread, telling us about it, and what some of the features are about. We're definitely going to want to show something with a release date, and we want to have one more piece of content for the release itself. So it'll probably be about three videos, plus playtests. It's difficult to say what stage we'll be at with the influencers who will be publishing some content, it all still depends on what decisions we make.

Q: When are you planning the StarRupture playtests? How long after the Content Lock is closed can this take place?

Grzegorz:
That's something we're still discussing internally. And as we always say, it's difficult for us to do parallel things for the game and the release in this development model. Because, if our goal is Early Access, or as someone said - Beta, then to show the Beta fully with everything, to give it to playtesters, it would have to be ready before the release itself, right? Whereas if we were to do it much earlier, which we want to do, we would have to have quite long internal discussions about how many bugs we can accept. And by bugs, we also mean things like poor performance or some co-op problems. How many of these things can we accept during the playtests so that we don't hurt ourselves with these playtests and show a bad game? As of today, we do not have a specific

date.

Krzysztof:
On the other hand, we have to be cautious when deciding what to cut out, as that could also do us a disservice, because if we find that there is something wrong with a feature because it causes problems in co-op and we remove it, then it's gone.

Grzegorz:
We know that we want to have at least one playtest in Q3, but unfortunately, our specific schedule in the model we work in is very dynamic. Features are constantly being made and completed. In fact, every week there are new, completed and improved things. Performance is also improving significantly, virtually every week. We will be making these decisions very dynamically, all the while preparing our infrastructure. In terms of the playtest support, we are doing all the planning on the side, whereas in terms of the overall content scope and specific dates, we will be very dynamic with our decisions.

Q: In your opinion, could GTA 6's possible increase of the pricing standard for AAA games lead to an increase in the price of AA games as well? Could that influence your decision when pricing StarRupture in Early Access?

Grzegorz:
The long and short of it is that it won't. We don't think what Take-Two or Rockstar do with GTA 6 has any major impact on us. It's not a game that we're competing with in any way, so we don't think that change will make it to our market. What we see in our market is that it is still very highly competitive. There are a lot of games at competitive prices. We know this from our own experience because we also have an older game that new titles in these survival genres have to compete with. Our game is large, well-developed and already quite significantly discounted. In our opinion, there is not much room for price increases, not to say that there is no room for price increases at all for AA games.

Krzysztof:
Yes, it's a completely different segment and when speaking about GTA 6 - does it have any strong competition? I would say it doesn't. But does StarRupture, the premium indie game, have competition at the moment on Steam? It does and will have an awful lot of it.

Grzegorz:
We can't risk it, pricewise, with a game, that importantly, is a new IP. We're talking about GTA 6, an IP that you could say is possibly the most valuable IP in the industry. While we are planning to release a new IP to establish itself in the market. As I said, we don't see it having an impact on our prices.

Q: Will you be releasing a demo version before the Early Access release?

Krzysztof:
No, we will not. There have already been questions about the playtests, and they won't be a demo. As Grzegorz said, just making a playtest version is problematic insofar as it pulls development

capacity away from the production of the game, and moving it towards preparing a build for playtesting. A demo is something else, it's even more closed. We would have to move people who are working on the Early Access release over to the demo, and their work would not necessarily even be usable for the release itself. There won't be a demo as such, there will be playtests.

Q: Could we please have an update on Green Hell 2? With the concept phase now closed, is there any work currently happening on this project?

Krzysztof:
At the moment, there is no tangible work happening to move the project itself forward. We are in the critical months before our new IP is released. Nothing could be more important at the moment than working to make this new IP happen. We're still in the concept phase of Green Hell 2 because on the one hand, we've locked down the idea for the game, and we're happy with what we've come up with. But on the other hand, we're still talking about the main features we want to have and we're digging deeper into them so that we have it as well thought out as possible for when resources start to free up as StarRupture progresses. We're working on making sure that if someone can do something for Green Hell 2, then they'll be doing things that have been well planned out by us beforehand.

Q: Can you outline what the future of StarRupture's marketing campaign will be?

Grzegorz:
As we've said, there's going to be another video coming out in the near future that will give a closer look at the world, the game and what's happening there. At the same time, we were recently at a GameStar event in Germany, where we also shared some gameplay as part of the event. We've been doing things that have been happening somewhat on the side, to involve the development team as little as possible in the creation of that content, so that it's only the marketing team behind it. We are not treating them as big events, just something on the side to keep the campaign alive and keep new content going out. Given the results, we can say that it worked and considering the costs we incurred for it, we are quite happy. We showed StarRupture to some new players and reminded others of it, so it was successful. In turn, the biggest marketing event will definitely be the playtests. We might also produce some sort of video in the meantime, that'll be related to the premiere, i.e. the announcement of the premiere. There will also be more traditional trailers for the premiere, as is a standard practice. In the meantime, we will involve content creators as much as possible in all those activities, so that the game doesn't only appear on our channels or on the channels of the media which we involve, but also on the channels of influencers and content creators.

Q: With the recent changes in the development process, have you seen an improvement in the momentum of work on StarRupture?

Krzysztof:
Definitely. We hinted at this at the last conference, but as I mentioned during today's presentation, we're in a very good place with development because everything is laid out, it's moving forward,

we're seeing weekly progress and we're not seeing any risks.

Q: Should we be expecting Green Hell to go to some subscription service this year?

Grzegorz:
This is a difficult question for us, but we have had talks or agreements with one of the platforms offering such services, and we expect Green Hell to show up there. As far as timing and other things, we can't comment on that, or even on which platform it is, because we are obliged by the other party not to disclose such information; only they can do so.

Q: What are the biggest risk areas you can see at the moment with regard to the launch of StarRupture?

Krzysztof:
We don't see any risks at the moment in terms of the launch. What we are keeping in mind are the risks that are always present, which are risks related to technology, performance and multiplayer. This is something that generates bugs all the time and will continue to generate bugs and patches right up to the launch. These are standard risks.

Q: Aren't you worried that the feedback from the playtests might require additional months of development to address, pushing back the release to early 2026?

Krzysztof:
No, we're not, because we're not doing these playtests to create new features and redevelop this game. We've had a clear vision of development all these years. It's not like we came up with StarRupture last year. It's gone through many phases, it's gone through many iterations, some features have been dropped, others have gone through four, sometimes five iterations to make them what we want them to be. We know what kind of game StarRupture is supposed to be. We're more interested in some balance checks and some minor changes that we can add before the release to make the game more fun to play.

Grzegorz:
If we do get some gameplay feedback, then those are things that we can address later, after Early Access. That's the idea behind Early Access: to collect feedback about the game and possibly address it in later patches.

Krzysztof:
Thank you for being with us, and please join us in the chat.

Grzegorz:
There are also some questions that we have not answered. We will answer these questions in the chat at 1 p.m. Thank you very much.

Krzysztof:
Goodbye.