

## [Transcription of Earnings Call Q1 2024 – Q&A session](#)

### **Krzysztof Kwiatek:**

Good morning everyone. Welcome to the Q&A session for the Q1 2024 performance conference from last week when we had a few technical problems. Hopefully, today everything will go as planned.

### **Grzegorz Piekart:**

As for how today's conference is going to go: we have prepared a recap so that we can go over the things we said last time and summarise them, but you can ask any questions you have in the chat throughout our presentation. Alternatively, you can raise your hand and we will ask for those spoken questions later. First, we'll collect the questions in the chat, and then we'll answer all those raised hands and address those questions as well. Krzysztof will take over now and get us started.

### **Krzysztof Kwiatek:**

Since we're able to meet with you today, we wanted to expand on our previous meeting. We have some StarRupture-related topics that we wanted to round off. Regarding the development side of things and the issue of early access: we would like to say that the games in the genre we are working on, which is an Open World Base Builder, and in our case, with elements of combat, always come out in early access. It's hard to find any game which would be a reference point for the kind of game we're working on now, which has had one release date. This is because these types of games have a gigantic amount of content. The development of this content and the development of these games spans years. It's not really possible to make a game that would have everything right away, without early access. All the more so because the vision for the game is often still shaped along the way. This is the generally accepted model in our genre, and we have been observing the market for many years. It was the same with Green Hell and it is the same with StarRupture. We have been observing how things are done and how successful companies do it. That's why our model isn't changing, it's early access, but early access doesn't mean poor quality. Those days are over. Seven or so years ago games would come out in early access, games made by a couple of people, where it was more about raising money to be able to launch a product. Our early access is something completely different. We are a premium indie company and we are working on the high quality of our early access games. In fact, early access is just a name that is used. It's the official process of releasing this game on Steam, but the very name of early access can be misleading now. It can imply that it's a game that's in a bad state and a lot of things still need to be improved to make it work. Not for us - for us early access is being able to play a game that will be very advanced visually and technically. It's going to have a lot of mechanics, and the graphical quality that we're aiming for is the quality that we delivered in Green Hell. On top of that, our game will already have co-op and a lot of other mechanics that are definitely more developed than they were when Green Hell was released. All of this means that we are working on a really big product at the moment, which we want to deliver at a very high quality in this early access mode. This is where I turn to the topic of development versus marketing opportunities. Five months ago we came out of alpha.

At the turn of the year, as I mentioned earlier, we completed the development of the alpha build. Now we are in the process of working on the beta. We're not even halfway through it yet, because we're only halfway through the second of the four milestones. Pretty much the whole team is working on it, we're optimising the development almost every day, because every day we have meetings and we talk about how the previous week went, how the previous day went, what could be improved, what things don't work and what could be done better. The whole team is working every day to get StarRupture from alpha to beta as quickly as possible because beta is our early access level. Everything has to come together here, it has to be high quality and stable. We've seen a lot of titles lately that have botched their launches badly because of poor stability and the technical side, even though the games were good and their gameplay features and playability were ok, it all failed because of technology. There are many elements here that have to come together. For us, launching without a good product is not an option. A good product is the key phrase here because we want to be the ones to judge whether our

product is good enough, because StarRupture's successful launch will depend on it, and StarRupture's launch and its early access release is only the beginning of a long process of developing and selling the game for us. We used to say that when we released Green Hell in early access, we had only just started the marathon. That's when our game enters the next phases of production, sales and development. As I mentioned, there is no launch without a good product and we are now concentrating all our efforts on that. Simply put: the product needs to be good, and we're not setting ourselves a launch date and saying we will release it in December. Then in December, we end up with something that we don't think is good yet, only to find that it's no longer possible to stop the whole marketing and publishing machine, with all the deadlines already arranged and agreed upon. So we want a good product, first and foremost, then the release date, followed by further development of the game. Now our next step, which we are also working on, apart from that final build, is for us to start releasing some marketing materials as soon as possible. In the case of games like ours, gameplay is the marketing, because the players and the audience of the Base-Builder-Open-World genre don't want to see more CGIs, and we don't want to produce them either, because they don't give us much and they generate gigantic costs.

**Grzegorz Piekart:**

They aren't giving us much at this stage. There's time and place for every part of the campaign, there was a time for CGIs too and we made one for ourselves as an introduction to the title when we didn't have any gameplay footage yet. There is a time for everything, and now is certainly the time to work on the gameplay and get it to the point where we can actually show it off and show the gameplay to the players.

**Krzysztof Kwiatek:**

Yes, they don't give us much in the sense that it's not what our players are waiting for now. Our players are now waiting for gameplay. We're already talking to potential media outlets that could support our campaign, so de facto we're all waiting for gameplay because we could spend money on something else but not really get the players interested. However, our aim is to attract players, so we are working on showing the gameplay. The important thing here is the first gameplay trailer that we would like to show. Because once all the bits and pieces are put together we will want to make as much content as possible, but we think that the first gameplay trailer should show all the main USPs of the game, the key pillars on which the game is based, and we need to have them all at a level where we can show them off. We're putting them together now, we've got a large chunk of them done and they're already working. They're basically in the target technical and visual quality, but we're still missing a couple of important elements. One of the elements we're working on now are the mechanics related to combat and to the infection, which is what's going to set StarRupture apart from other Base Builders. It's not going to be just a game about building bases and managing them, because there's still going to be a significant enemy combat factor. So we need to get it to the point where we can say that it works well and it looks good. Then we can add more to those elements that we've already created and that work, and that's when we'll have that gameplay content. We don't want to show a trailer without any combat, because that would send a clear message to the players that this is just another Base Builder about building, that there's nothing extra there. For us combat is a very important thing, so we need to have all those elements in order to start showing off the gameplay and that's what we want to base our marketing efforts on.

We also mentioned during the conference that we have a marketing team that deals with topics related to the promotion of the game. I'd like to say a few more things here about that team and how they create materials. In general, it's an operations team. It is not a team that is later supposed to publish our content and distribute it to the world by their own means. This is what we use the media and influencers for, and that's not disputed in any way. This is the team that coordinates the creation of the content. We are working on the devlogs now, but this team will also coordinate the creation of gameplay material because there is no other real way. I've never seen anyone outsource the creation of gameplay materials, because the companies that are out there and have specialists in video editing usually don't have a clue what the game is about, let alone how to technically show certain features because very often that can only be done by in-house programmers. Even though, with Green Hell, we outsourced the marketing to the person who put the trailers together we anyway had to create

the content ourselves. The person who we outsourced was even technically trained by our programmers, they had a special build and they could call on a programmer every day to create something that would enable them to show a certain thing in the game. So we've created a team specifically so that we don't have to rely on outsourcers, because they're not always available. We want to create our own gameplay materials using a video editor, with the help of our programmers, because that's essential. Later on, these materials will of course be taken up by the media, and influencers, and the whole campaign will go its own way, as it should. Grzegorz, anything else?

**Grzegorz Piekart:**

I think you've covered the most important things. When we said that we have developed these marketing competencies internally - that is indeed the case, but it's in relation to where we were before. As Krzysztof said, we used to outsource marketing when we were a small team as that was the only solution for us then - we didn't want to have too many people on board in too many areas, we were growing mainly development-wise. Now the time has come to develop those marketing competencies. We can see that we need to because of how we build our games now. Our titles have a lot of these minor and major launches because we are talking about early access and we are talking about major DLCs. For each of these moments, as you can see with Green Hell, we produce marketing content. At a certain point, outsourcing is no longer efficient. Cost-wise and, at the end of the day, time-wise. We have made this decision and we are very happy with it, with the fact that we have these competences in-house. This will certainly reduce reaction times, the making of the content, and increase the understanding of the content, because we will have people dedicated to our games who will know them inside and out and who already do know them like that. It's really going to help us produce these materials quicker, more efficiently and better actually, because our people's understanding of the game is much better and it's easier to plan what you want to show, when you interact with the game on a day-to-day basis. It gives you a better understanding of what the different mechanics are for, how the world is going to be built, than if it's done by outsourcing. That's it for our summary.

**Krzysztof Kwiatek:**

We can move on to the questions.

**Grzegorz Piekart:**

Alright, let's start at the beginning, question one:

**Q: To succeed in this difficult market, you need something to stand out. How will StarRupture stand out from the competition? What novelty approach to gameplay or mechanics will you present?**

**Krzysztof Kwiatek:**

I'll go first. I would start at the very end here, with this novel approach to gameplay. We try to avoid that word. We always try to take a safe approach and leave such novelty stuff to other companies, while we tend to keep an eye on the competition. Most things have already been created a long time ago. We see them and try to show them a bit differently, with an emphasis on different mechanics. There are games like Satisfactory, which are strictly Base Builders, where you don't do anything other than build, and that building is very complicated. There are games that are just about fighting the enemy and defending the base. But it's not quite the kind of base we would build in Satisfactory, it's elements of a smaller base that we have to defend, but generally, the game is about the onslaught of enemies and fighting them. There are also different approaches when it comes to the difficulty of these mechanics. We want to sell StarRupture as a hybrid, where this building is well developed but is easily sold to the player, with a lower learning curve. We also want to weave these combat elements into it, not even just its elements, because it's going to be a major part when it comes to StarRupture. Fighting enemies, defending the base, and there's the space infection that these enemies produce. We think it's this hybrid that's going to be a bit different than the games we're comparing ourselves to. We also make sure that this differentness is not too different because we want to sell the game to players who know what it's going to be

and understand it because they've already played a couple of similar games in the genre, but here they have a different mix and the balance is shifted slightly. We essentially did the same with Green Hell. Green Hell wasn't about novelty mechanics either, it was just a slightly different take on survival and the mechanics that were already on the market that worked and showed us that these elements can work. We don't want to create novelty because it might not go well. Sometimes you might succeed with something novel and sometimes you might fail. We think it is safer to do something that is familiar to the players, but to do it a little differently.

**Grzegorz Piekart:**

I think that covers it. Next question.

**Q: Are you keeping an eye on recent market successes like Manor Lords, Palworld and Hades 2? These are obviously different genres, but are you analysing the sources of success of these games? Would you like to introduce any of their elements into StarRupture?**

**Grzegorz Piekart:**

Yes, we are monitoring these major successes, but as you pointed out, these are completely different games. In fact, between even these three games the source of success will be completely different. Hades is a sequel to a very successful title which is a huge help on the road to success. If a sequel is done at least as well as the first part, then it's usually a great success. Palworld is a very good game, and having Pokemon in it that aren't actually Pokemon has definitely helped. We all know what a strong brand Pokemon is and the craze various products, including games, based on that world have achieved, so it certainly didn't hurt, but it's not something we can easily do. I don't even know if we would ever want to do that. That's not the world we want our game to live in. And then we have the Manor Lords. Now, to be clear, these are all very good games. We don't want to undermine that in any way, they are great products, huge games, of high quality. That is not in any way to be questioned, but each of them really has an element of their own, which has certainly helped a lot. The way we see it, Manor Lords is a very good game that for a long time was promoted as a solo project, which also has a very positive effect on players. Now, is it a solo project? Perhaps you've seen that there are quite a lot of discussions about that on the Internet, I've seen a few myself. Either way, it certainly hasn't hurt in promoting the game. On top of that, everything always starts with a great product, and it is a very good game. It also promises a lot, because it is also early access and everyone expects many more great things, especially after its financial success is added to the game and in the end it will probably be even better. Given the three stories that these games have, these are not things that you can easily take and translate into a completely different game, a different genre. As Krzysztof said, we look at games that are closer to us and try to extract elements that we think will create a new interesting entity. A new, but still familiar and comprehensible entity for players, such as StarRupture. That's our approach.

**Krzysztof Kwiatek:**

But Grzegorz, we do analyse them, because your statement itself in a nutshell, shows that we analyse a lot of launches. We also analyse products which are unsuccessful, I think we look at them with the same scrutiny because it is always very interesting to see why a game which at first sight looks quite good doesn't sell well. I think there are a lot of things to analyse there too. They can sometimes show us what to avoid.

**Grzegorz Piekart:**

Frankly, those are much better lessons for us, or maybe reminders rather than lessons, because those failures, or unexpected failures, where it seemed like everything should be great, have mistakes that are quite repetitive. Mistakes related to the co-op network, related to saving the game, to performance, so it's a constant reminder to us that we can't forget these super important basics. And therefore we don't. Our ambition is to do what we started with, to release a very high-quality product. That's basically it, full stop.

**Q: What are the chances of StarRupture gameplay this year?**

**Krzysztof Kwiatek:**

We wouldn't want to promise anything here. We know that promises are of no use in the world of game development, but it's hard for us to imagine that there wouldn't be any. In fact, right now as I said before, we're waiting for the elements we're still working on to be ready so that we can show them with what we've already got. I don't want to say if it's going to be in a month or two, but we're doing everything we can to, first of all, make this early access build as good as possible, but we also know that before that, we need to have the gameplay material and start promoting the game with said gameplay content. At the moment we can't imagine a world where those materials won't be released this year.

**Q: The new Switch platform could be a game changer for you. There were significant technological limitations on the Switch 1. Can we expect that on the next platform, Green Hell will match what we have on PC and the big consoles? To what extent do you think technology has limited sales on Switch 1?**

**Grzegorz Piekart:**

Perhaps I'll address the Switch first. It is difficult to comment on a platform that has not yet been shown or even announced. There have only been announcements that something is coming, but we don't know anything about this platform yet. Of course, everyone is hoping, especially developers, that it will be a much more powerful console than the Switch 1, but today it is far too early to make a definitive statement. A game changer is a very broad concept. What do we mean by this? Is it that we will sell as much on the new platform as we do on Playstation or Xbox, not to mention PC? In my opinion, it would be a super optimistic assumption if we thought that, but in terms of the previous-generation console, we released Green Hell at the end of its cycle, where there were a lot of these devices indeed. With this new console, we would like our product to be at the beginning of the cycle, although we don't know when that cycle will start because we don't know when the console will be released. We're doing everything we can, we've signed a partner who we believe is experienced and knows the game, knows what they could do on the first Switch. Let's call this second console the Switch 2, although we don't know that yet either. We're hoping that they'll deliver a better quality product, with more content, because the game on the Switch 1 was super simple, but it's hard to determine the impact of what's going to happen. Right now it's far too early to comment on that, but we should definitely see some positive impact on our results in the period when it's released and onwards, but we don't think it will be dramatic. Our main platforms, however, are consoles and PC. Or more accurately, PC and consoles.

**Krzysztof Kwiatek:**

Yes, but we'll see because Nintendo knows what they're doing with developing their technology and improving performance. They have probably realised that they could also sell games that are different, bigger, and better-looking if they didn't have these technological limitations. I think this move on Nintendo's part is to make games such as Green Hell which have been heavily limited, just sell better.

**Grzegorz Piekart:**

We certainly know that we have missed out. It's difficult to quantify how much we missed out on since we don't have the data to even estimate anything here, but just the fact that it wasn't possible to make a co-op version for Switch 1 certainly had a negative impact on the potential of the title, but that doesn't change the fact that we're very happy with what we managed to achieve on Switch, because Green Hell sold very well there, particularly for a game that didn't have everything that the PC version had and didn't have co-op. So it really was a very good move in our opinion to launch on Switch. Now for the second part of the question:

**Q: Are you planning on ending support of GH1, in order to shift efforts to GH2? Given the resources available I think it'll be hard to get momentum for GH2 without leaving GH1 behind.**

**Grzegorz Piekart:**

I would go even further and say that without the completion of StarRupture's early access, it's hard to imagine getting momentum for GH2 which is even more crucial. It's what we've always said, we'll work on one main title and support a second. If we want more people to work on GH2, it will definitely mean the end of support for GH1, especially because, as you can see, we are trying to continue this support and we are adding new content. It is positively received, but the marginal usefulness of this content for the players and for us is diminishing. We keep adding content to an ever-increasing game and making something that is a game changer, literally and figuratively, is very difficult. It's difficult to add something to Green Hell that'll reach a whole new audience and convince players who have never thought of buying that game before. The effects of subsequent DLCs are diminishing both from the players' point of view and from our perspective, sales-wise.

**Krzysztof Kwiatek:**

This is also a developmental challenge for us in the near future that we are working on. Implementing a relatively smooth transition from the development of StarRupture to the beginning of the development of Green Hell will allow us to manage the relevant resources that will start to become available. These resources always free up in different departments quite differently. Usually, the programmers and the UI department work the longest on a product, but along the way, some resources start to become available and it's our aim to manage this and see where we can start to allocate these people, obviously in light of Green Hell 2, but as Grzegorz said, we won't get it off the ground until we get StarRupture into early access release.

**Grzegorz Piekart:**

Ok, next question.

**Q: I understand that you plan to develop StarRupture in future years and you'll release a roadmap in the future?**

**Grzegorz Piekart:**

As we said, these early access games are governed by their own rules and apart from the fact that we want to deliver a quality product, we are also delivering the promise of things that we are going to add to our game in the future. Some of them may already be ready at the time of early access, but we need to show the players, especially in the early life of an early access game like ours, that we are going to develop it, so the road map should also appear around the same time as the debut when we talk about what else we are going to add to this game.

**Q: Do you already have ideas on how to vary the experience? Survival games often have mechanics that tire the player out, such as ever-increasing resource acquisition requirements to unlock new items. Do you plan to add the ability to customise the gameplay, for example giving the player the option to reduce the required raw materials to build, or increase the exp gained?**

**Krzysztof Kwiatek:**

This is a very detailed question. More for a discussion with our chief designer. Without going into too much detail, because there is a lot of it, we want to add variety to the cycle of getting resources and unlocking new elements. It is a certain standard that players know, understand and expect if they like this type of game, but is it tiring for the player? It depends on how it is presented. Some titles have shown with their sales that not everyone gets tired of it, and sometimes even these mechanics are taken to a very high level of difficulty and yet they have a super fan base, whereas we want to weave a lot of exploration, a lot of fighting against enemies and against the infection into this normal mode. We'll also have changing environmental conditions that we are working on. Only part of this will be available for early access, but it will also have a certain environmental effect

that will change the gameplay, as well as the obtaining of resources. There are a lot of elements we are working on to make it enjoyable.

**Grzegorz Piekart:**

I would also add that as a base builder, automation is going to be an important element. Also as an answer to the question: the larger volume requirements for the acquisition of raw materials will be solved by the fact that an expanded base will provide the possibility of automating the acquisition of these materials, and in particular the most basic ones. Changing this loop in the game will mean the player can actually see that progress is being made. Next question.

**Q: Hello, will there be an opportunity to play the game at the company's headquarters before the release, as is the case with 11 Bit's new productions, or in the past with Cyberpunk 2077 and the first Frostpunk?**

**Grzegorz Piekart:**

We are not planning such an event at this stage. At the moment, it's not part of our promotional activities, right?

**Krzysztof Kwiatek:**

Yes.

**Grzegorz Piekart:**

Next question.

**Q: How much money does the company want to allocate to the marketing campaign? How much reach do you want to achieve? Which media will you use?**

**Grzegorz Piekart:**

We don't have a specific budget. We certainly want to avoid the marketing that is quite popular with many services like Facebook and Instagram campaigns or things like that. In our experience, that kind of paid activity is not effective and does not convert well. The key is access to the media, where as a general rule the cost is relatively small, or even nil, in fact, the only cost should be the production of the materials themselves. We will want to use influencers. The extent to which we'll succeed in getting these influencers interested enough again to be able to do this for free remains to be seen, but we will maximise the opportunities to use either the media or the influencers, in what I would say is a cost-free way, to simply give them the materials and that's how we'll promote the game. This has worked well for us so far, so we are probably not going to change much here. Of course, those would be IGN, PC Gamer, the biggest gaming media, and probably local ones as well. The Polish market is not a large one, but of course, we will also want to reach out to the local specialist gaming media to some extent. There are a number of influencers specialising in Base Builders on YouTube, and we will certainly reach out to them, but we do not want to pay for traffic on external portals. Our experience has taught us that this traffic does not convert on gaming platforms.

**Krzysztof Kwiatek:**

Especially since these are not things that you have to pay for. From what we've already experienced throughout the development and promotion of Green Hell, it's the large media outlets that are interested in the content that show the game and have that coverage. It's not something you have to pay for. In the case of Green Hell, at the very start, after the presentation of the gameplay footage on IGN, we were approached by over 800 influencers to show our game for free which then started to snowball and grow. Then we tried paying for some marketing and it was completely unsuccessful. A good product will interest the right media and the right influencers, and they will show it further on their channels. Of course, we will do some extras, that is to say, bits that will be paid extra, but this is our approach. We won't say that we have 3 million allocated to the marketing campaign, so we'll pay those people one million, they'll do another CGI for one million and we'll give away the

rest because that won't translate into results later. And then everything is good and cool, we'll tell ourselves that we've invested a lot in marketing, it's just that the results may not necessarily be what we want.

**Grzegorz Piekart:**

That was the last question. We don't see any hands raised for vocal questions, so one last chance: if any of you would like to add something to the things we have already talked about. Ok, we're seeing the first people leaving the meeting. In that case, thank you very much.

**Krzysztof Kwiatek:**

We hope that we have satisfied your curiosity and that we have clarified most matters related to StarRupture in this case, as that was the most popular topic today. Thank you very much and we'll see you next time.