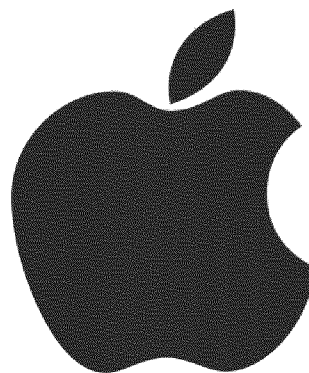


Case No. **4:20-cv-05640-YGR**
Case Title *Epic Games, Inc. v. Apple, Inc.*
Exhibit No. **DX-3519**
Date Entered _____

Susan Y. Soong, Clerk

By: _____, Deputy Clerk



Apple X Epic

Quarterly Business Review: June 2020

AGENDA

- State of Epic & Fortnite
- Fortnite Roadmap
- Epic's Strategic Priorities



Epic Portfolio and 2020 Strategic Priorities

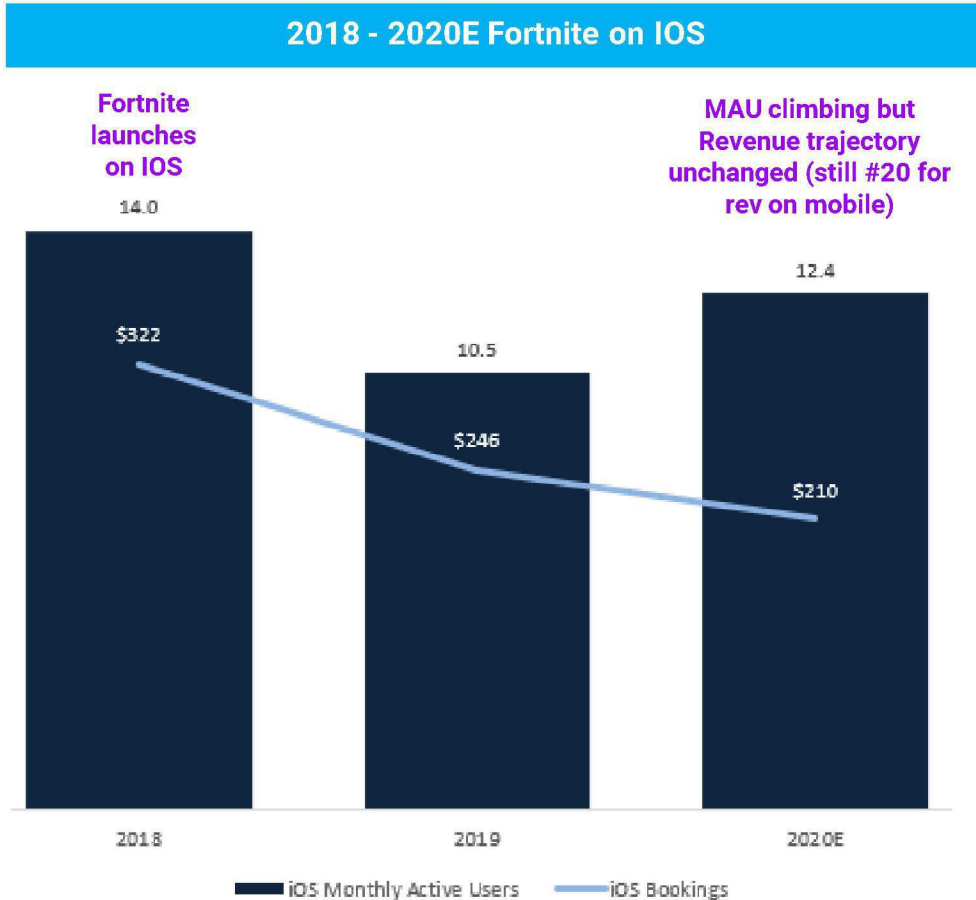
Social Entertainment Platform			Content Creation Ecosystem		
Fortnite The Largest Game in the World  81mm Monthly Active Users	Houseparty The Face to Face Social Network  49mm Monthly Active Users	Psyonix Creators of Rocket League  10mm Monthly Active Users	Unreal Engine Leading AAA Gaming Engine  540K Monthly Active Users	Epic Game Store PC Digital Store and Publisher  45mm Monthly Active Users	Epic Online Services Gaming Services and Software  Announced May 2020

Epic Games 2020 Priorities

- Fortnite: Return to growth mode**
 - Go beyond Battle Royale - open world simulation sandbox
 - Fortnite as a platform - Creative mode, Party Royale, Rocket League
- Epic Game Store:** Become a viable primary game store (not just a destination for exclusives)
- Epic Online Services:**
 - Support major third-party game launches on EGS + console
 - Become #1 online service choice for independent developers
 - Grow accounts (currently **350mm**) & social graph (currently **2.5bn** friend connections)
- Unreal Engine:**
 - Demonstrate graphics, physics, open world dominance for next-gen PlayStation, Xbox
 - Build next-gen digital content library and scanning pipeline (3Lateral, Quixel)
 - Grow market share in key verticals: virtual production (film / TV) and architecture through Twinmotion

**Apple portfolio and strategic priorities: store, music, games?
 What do you see on your platform that drives engagement?**

iOS 2018 - 2020 Recap

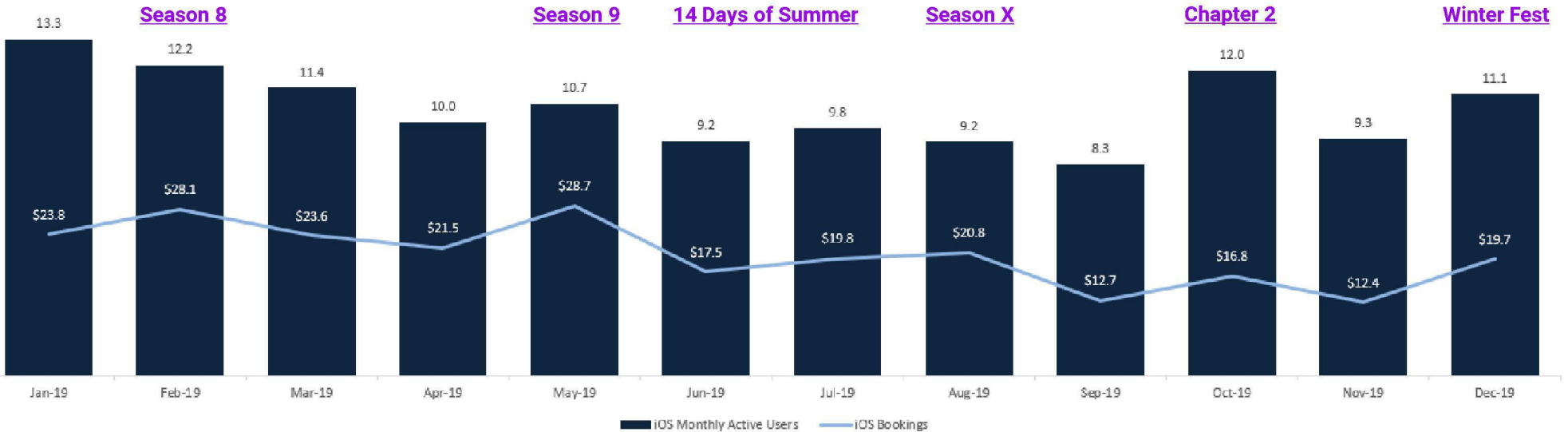


Return to revenue growth in 2020 by partnering with Apple on the following initiatives:

1. Mobile Optimizations
2. Maximizing Marvel Season
3. Driving Subscription Conversion
4. Promoting Party Royale

Fortnite: 2019 In Review

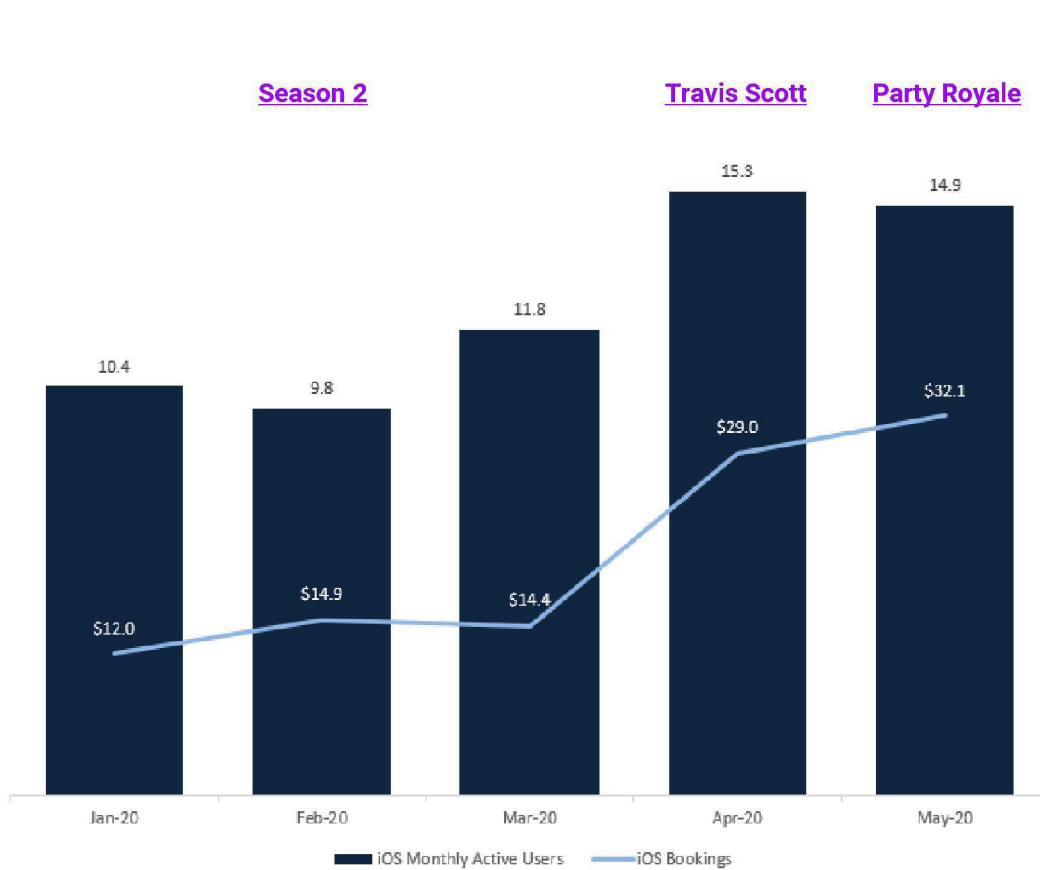
World's leading brands and entertainers are reaching their audience through Fortnite



Speaker Notes for Slide 5

Fortnite: Q1-Q2 Return to Growth

2020: Return to Growth Mode



Season 2 - Deadpool: Launch Feb 20, 2020



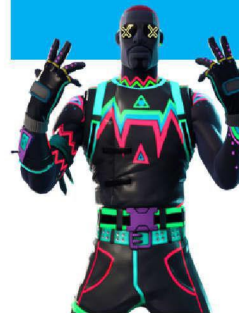
Most Battle Pass units sold since December 2018

Travis Scott's Astronomical: April 23-25, 2020



Broke every Fortnite user record
Launched Travis Scott to the top of all streaming charts

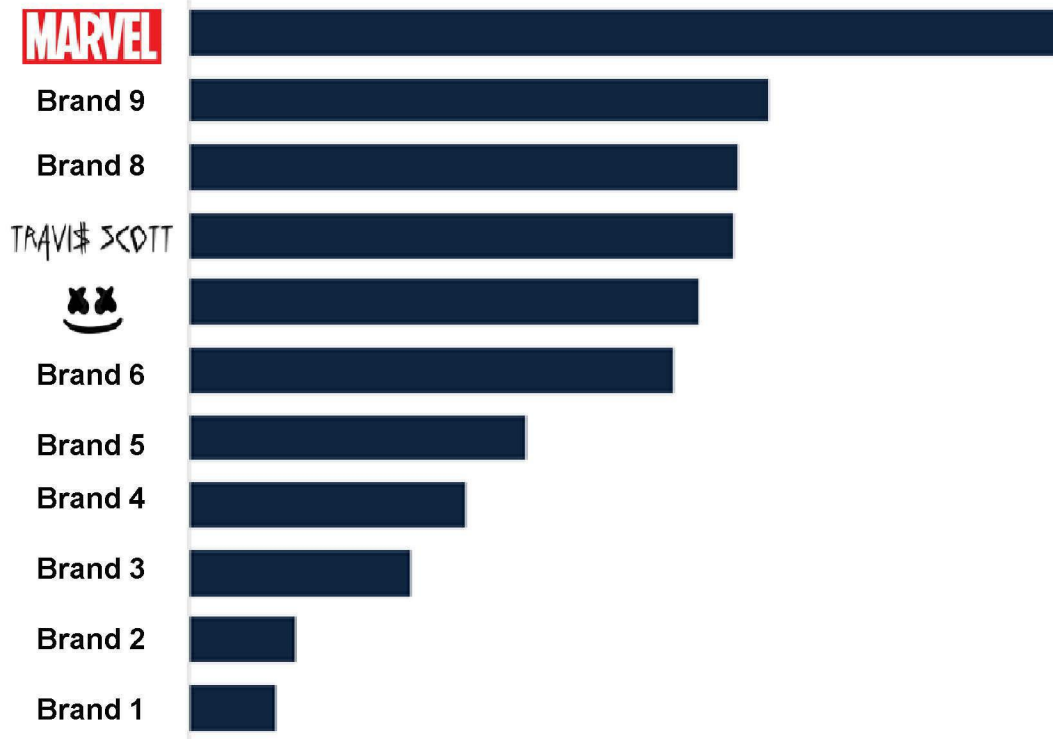
Party Royale: May 8, 2020



Easy-to-access space in Fortnite where players can drop in any time to enjoy streamed audio or video performances and games shared with their friends

Top IP Collaborations

Top IP Collaborations by Revenue



Marvel Case Study: Iterating on Fortnite x Marvel integrations positions Season 14 to be biggest yet!

2018: Avengers LTM

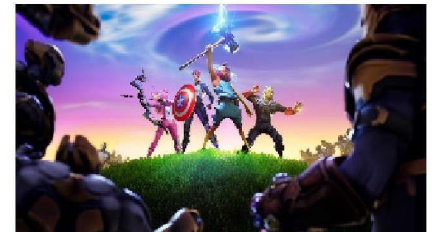
Limited Time Mode where players raced to collect Infinity Stones to become Thanos in a special BR



2019: Endgame LTM + Outfit Sales

Fortnite players have asymmetric battle with Thanos and his army

Marvel outfits sold in Item Shop for first time



2020: Deadpool Battle Pass

First Battle Pass with external IP became the highest selling BP since Dec 2018



Speaker Notes for Slide 7

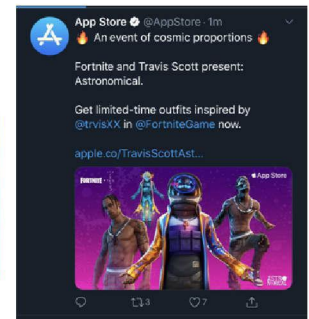
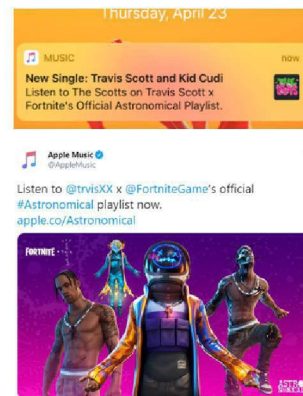
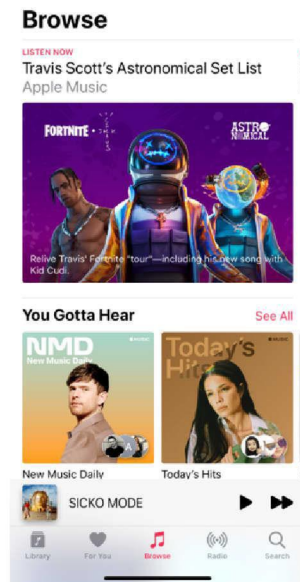
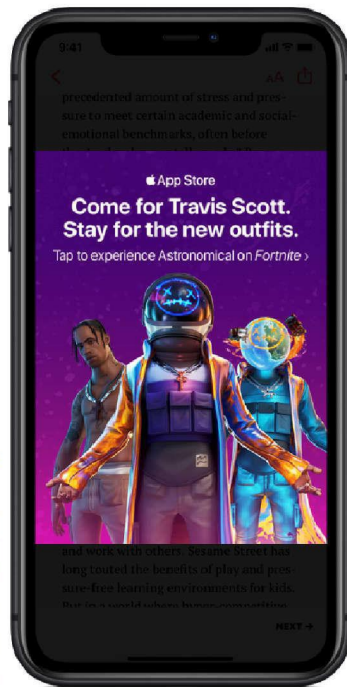
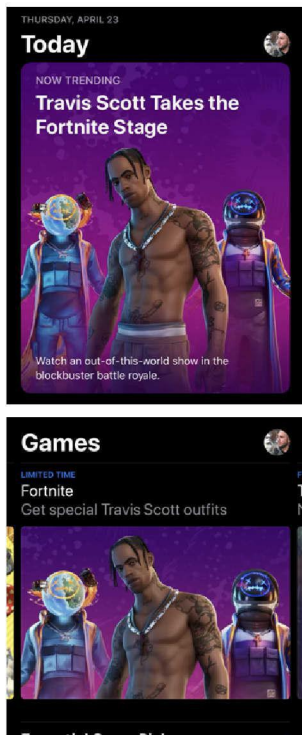


Promotional Case Studies


Highest Impact

Expanded Reach

Nice-to-Have



Fortnite: Q2 & Q3 Key Beats

	June	July	Aug
<p>The Biggest Beat:</p> <p>How can we go bigger?</p>			<p>☐ Season 14: Marvel (8/27) ☐</p> <p>[KPI: Peak Annual Revenue, DAU]</p>
<p>Major Beat:</p> <p>Today Tab, Games Tab, UA, CRM</p>			<p>Season 13: Splash Down (6/17)</p> <p>[KPI: Revenue, DAU]</p>
<p>Minor Beat:</p> <p>Today Tab or Games Tab</p>	<p>Icon Series: Loserfruit (6/22)</p> <p>[KPI: Revenue]</p>	<p>Captain America Outfit (7/3)</p> <p>[KPI: Revenue]</p>	<p>Green Arrow, Flash, Batman, Catwoman, Harley Quinn (8/2)</p> <p>[KPI: Revenue]</p>
<p>Misc Beat:</p> <p>Games Tab</p>	<p>Party Royale: Diplo Concert (6/25)</p> <p>[KPI: DAU]</p>	<p>Legends of Summer (early July)</p> <p>[KPI: DAU]</p>	





**AN EXCLUSIVE SPOT FOR YOU AND YOUR FRIENDS
TO HANG OUT, SHOW OFF, LEVEL UP, EARN REWARDS.
OH YEAH, AND GET EVERY BATTLEPASS. FOREVER.**



FORTNITE



**Create a cohesive
Marvel narrative in Fortnite
in 2020 bringing the lore and
legends of the Marvel
universe to both Marvel fans
and Fortnite players, alike.**

Season 4 - Battle Pass



SHIELD Helicarrier

Central Hub for Battle Pass interaction and our NEW Starter Island



Work In Progress

Galactus - End of Season 4 Event

Giant Galactus will slowly approach the Fortnite island, and only you and the greatest superheroes of all time can stop him!



Fortnite: Q3 & Q4 Key Beats

	Sept	Oct	Nov	Dec
The Other Biggest Beat: Cross-Vertical Support				<input type="checkbox"/> NYE+Music Event (Late Dec) <input type="checkbox"/> [KPI: Revenue]
Major Beat: Today Tab, Games Tab, UA, CRM	J Balvin Event (TBD) [KPI: DAU]	Pop Star 1 Event (TBD) [KPI: DAU]	Season 15: Warriors (11/12) [KPI: Revenue]	Icon Series: LeBron Outfit (TBD) [KPI: Revenue]
Minor Beat: Today Tab or Games Tab	Icon Series: Neymar + Global Soccer Outfits (9/24) [KPI: Revenue]	Icon Series: Grefg (10/1) [KPI: Revenue]	NFL Outfits (11/23) [KPI: Revenue]	NBA Outfit Launch (TBD) [KPI: Revenue] Winter Offer (Early Dec) [KPI: Revenue]
Misc Beat: Games Tab		Fortnitemales (TBD) [KPI: DAU]	Black Widow Outfit (11/6) [KPI: Revenue]	

FORTNITE





LACHLAN

AUGUST

FORTNITE
ICON
SERIES



Base



Mid Reaction



Reactive Version



Male Commando - Lachlan - Concept

GREFG

SEPTEMBER



LAZARBEAM

DECEMBER 2020

FORTNITE
ICON
SERIES



NEYMAR

Q4 2020



FORTNITE
ICON

LEBRON

Q4 2020



FORTNITE





THE ROCK

Q1 2021

FORTNITE





FORTNITE
PARTY
ROYALE
ALL CHILL. NO SWEAT.

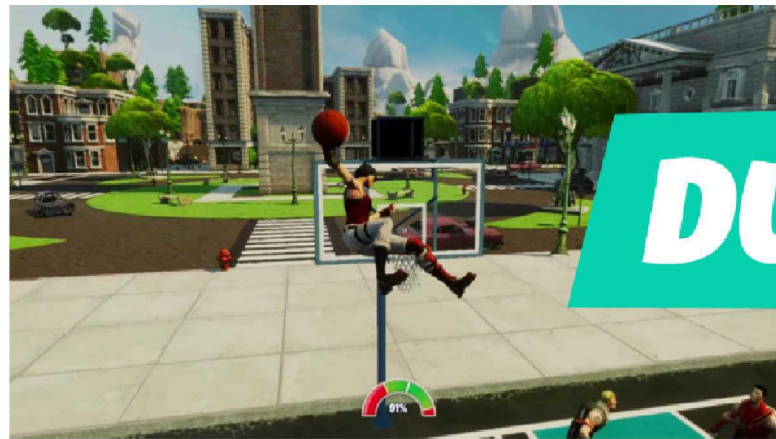


Create arcade style basketball mini games to showcase entirely new play. We move past the simple toy functionality and into a Fortnite version of arcade basketball.



1v1 2v2 3v3 4v4

STEAL



PREMIERE **FORTNITE PARTY ROYALE** PREMIERE



Announce the first ever sports event in Party Royale in Epic fashion.

8PM EST @ DOWNTOWN DUNK

WHAT IS POSSIBLE FOR OCTOBER

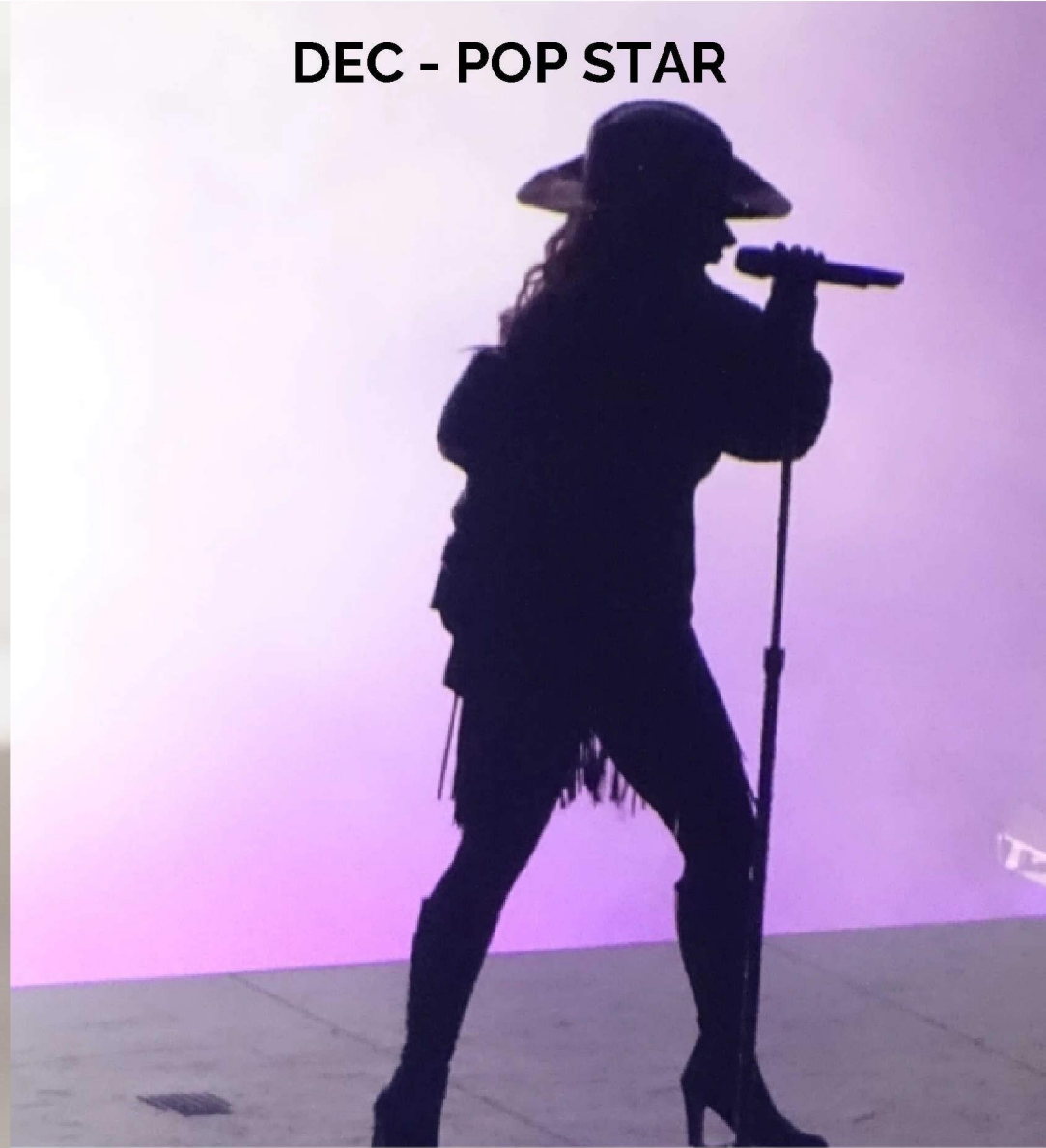
- V1 of Basketball mini games in Party Royale
- Basketball-related emotes & team Banners
- Watch parties for a variety of content:
 - Pre and post game shows
 - Player interviews
 - Full games
 - Bespoke content targeted at the Fortnite audience
 - & More
- NBA Finals related challenges and unlocks
- NBA Finals Fan Experience @ Party Royale



SEP/OCT - J BALVIN



DEC - POP STAR



SEASON 15 - WARRIORS



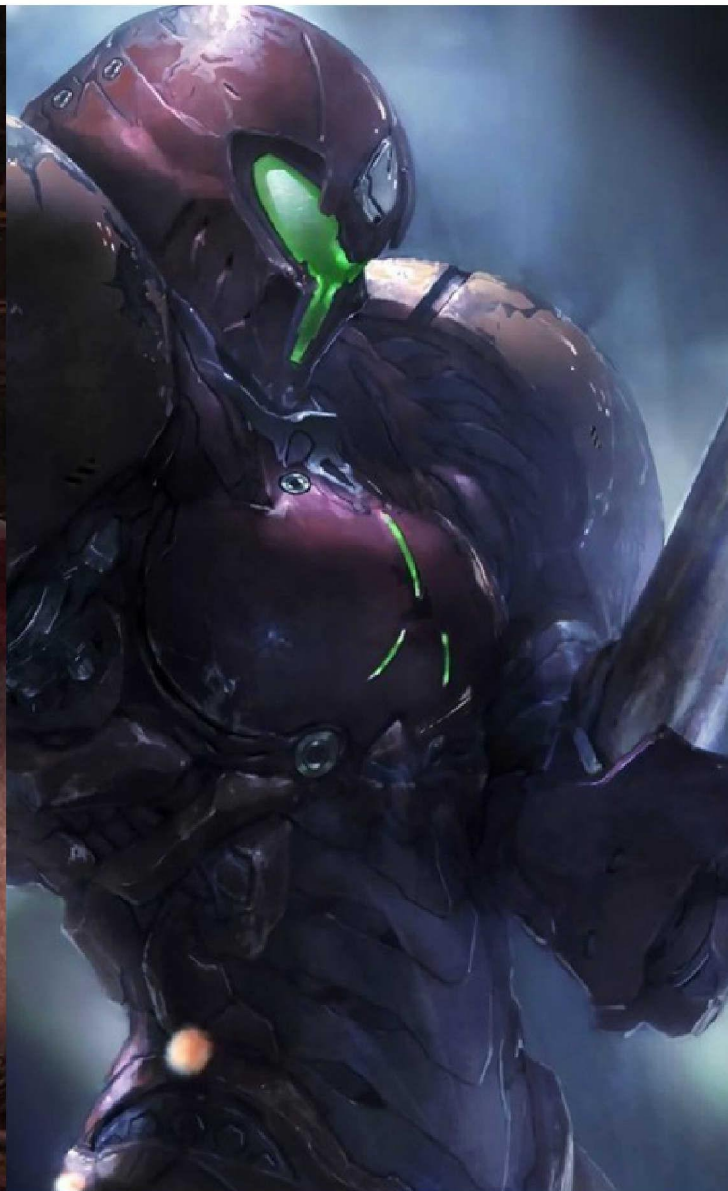
IP

IP

*Following the Season 14 “Galactus vs Zero Point” event, we are left with the Zero Point hovering above the Island. As **Season 15** begins there will be regular disturbances around the Zero Point that will call heroes from their homeworlds to the Island.*

This wrapper allows us to bring in a new hero from external IPs in a predictable way. Each new hero will be a weekly beat for the Item Shop. Every Saturday night will be an event for players:

“Who’s Next?”



GROWING THE PARTNERSHIP



Strategic Partnership Growth

1. Help optimize Fortnite mobile to return to growth mode
2. Use live event runbook to make Marvel and other season launches bigger than ever
3. Support Party Royale at three different levels: Headliners, Opening Acts, Experiments
4. Promote Fortnite subscriptions to engage active players
5. Collaborate on upcoming Houseparty beats with Today featuring content
6. Support upcoming Rocket League mobile launch with Today and Games featuring

Optimizing for Growth

Improved Patching Process

Challenge:

A Fortnite update can be as big as 6GB however the app cannot tell when a new build is available to prompt players to update or make use of background downloading and installing

Ask:

Can Apple help Fortnite either detect when new builds are available or make use of background downloads and installation?

Decreasing Time-to-Game

Challenge:

After a patch, Fortnite goes through a lengthy “Optimizing” step that makes it take longer for players to get in game than just downloading the latest update

Ask:

If Apple is adding a binary archive for pipeline state objects, which has the potential to allow Fortnite to skip the “Optimizing” step, can they also write software that takes some “generic” version of this archive to customize it for each device and iOS variant so that all players get the correct shader cache?

Efficient Mac Build Farm

Challenge:

Buying and maintaining Epic’s Mac build farm is 2x comparable PC builders

Ask:

Does Apple have a recommendation for creating and running a more efficient build farm, potentially including a toolchain that runs on Linux or Windows to compile and package for Mac and iOS?

FN Promotional Runbook

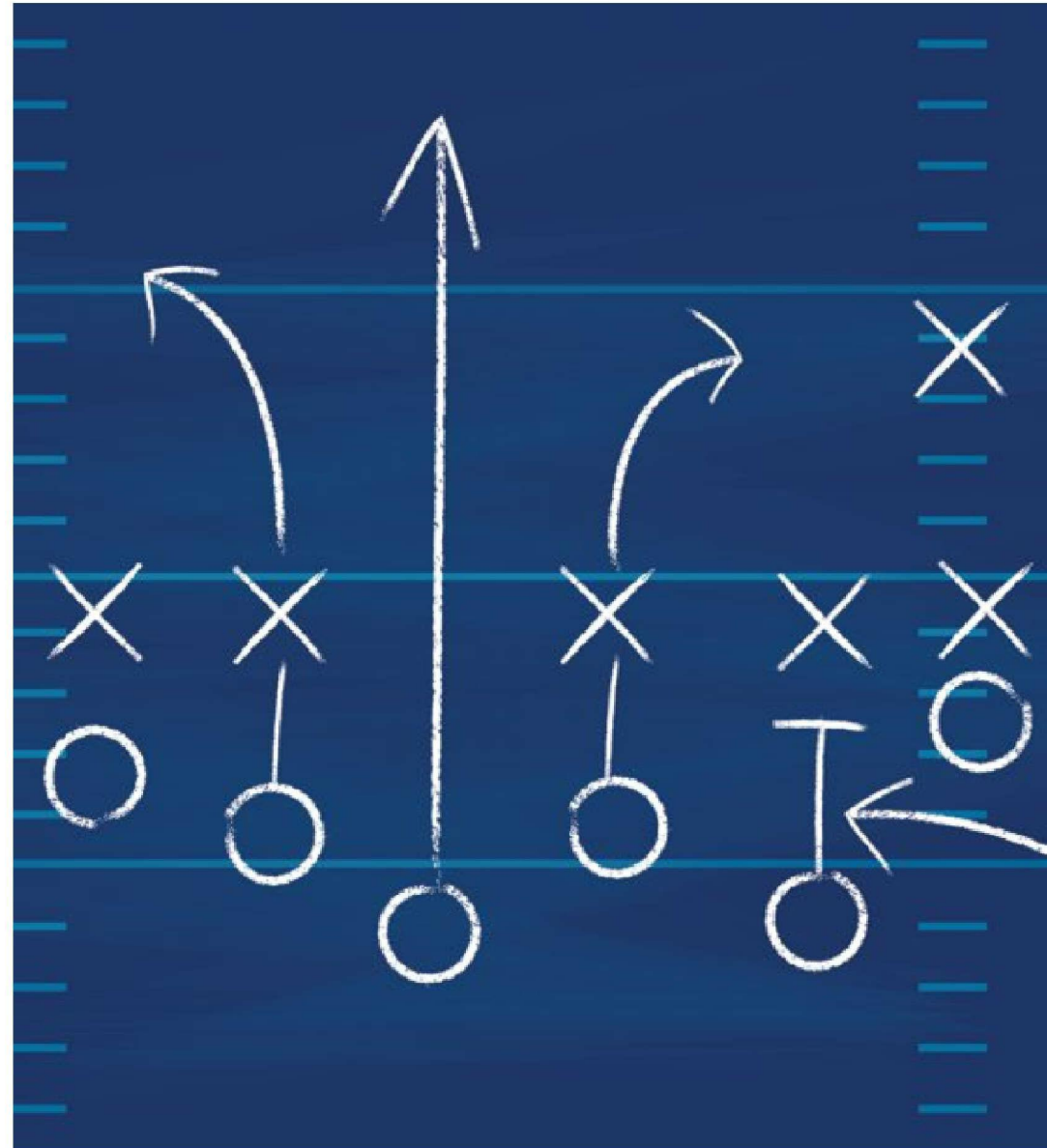
Goal: Create a live event runbook focused on reacquisition

Status:

- Epic Ecosec reviewed and approved secure asset pipeline
- Apple BD shared runbook for Season 3 test
- Epic sharing Season 3 assets 3 day earlier to unlock featuring and UA immediately at Season 3 launch

Next Steps:

- Evaluate impact of increased promotions unlocked by earlier asset and info sharing *[Goal: 9.2M WAU]*
- Evolve runbook to maximize support around



Support Party Royale

Develop a cross-vertical runbook to support Party Royale across varying sizes of beats

Headliners

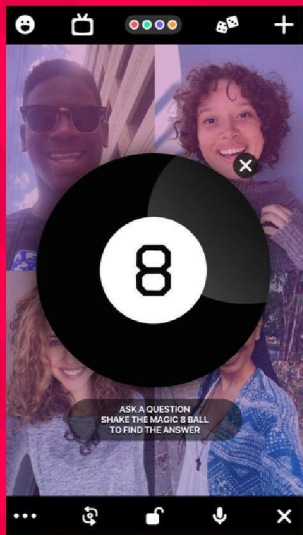


Opening Acts

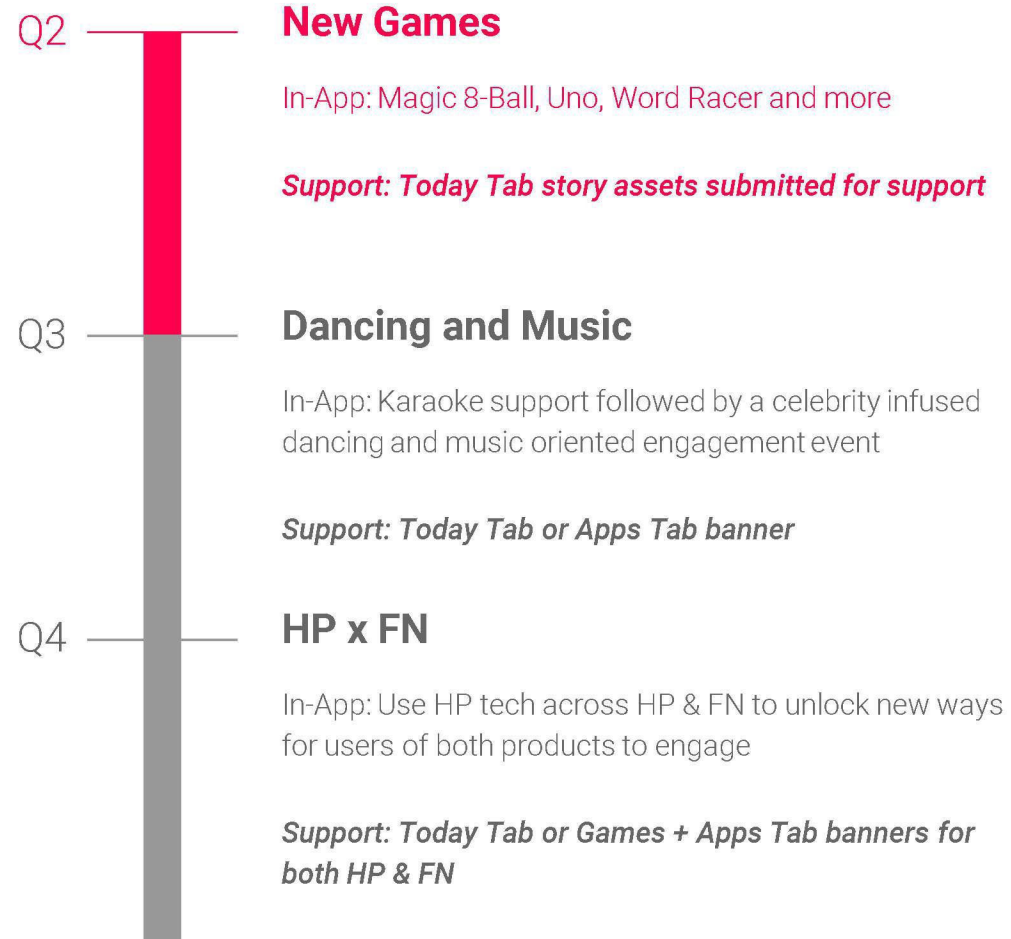


Experiments





Houseparty Promotional Roadmap

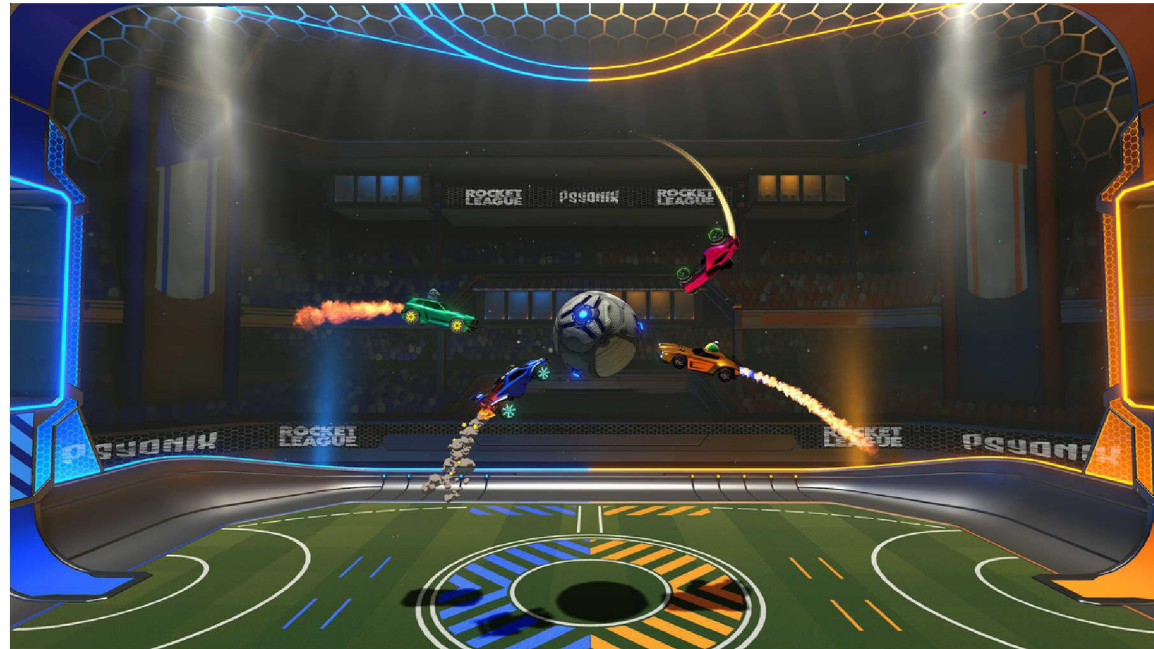


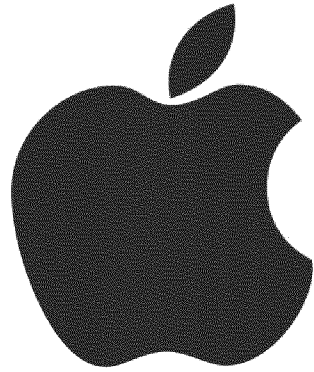
Rocket League “2D”

- Targeting mid-September/Fall release
- Additional Arena layouts and modes being developed (hoops, etc!)
- Social - EpicID and cross platform friends between console Rocket League and RL2D
- Cross-game/platform rewards
- IAP post launch patch

Key Opportunities

- Launch Today Tab: Nov
- IAP Update Games Banner: Dec





Thank You

Old Slides

FORTNITE CLUB

Fortnite Club with Apple TV+ and Apple Music Bundle:

- Monthly subscription includes Fortnite Club (\$11.99) with Apple TV+ (\$4.99) and Apple Music (\$9.99) for \$20.00.
- Co-promote with Apple content both in-game and at the subscription level.
- Offer bundle ideally includes the following key features:
 - Available globally.
 - Represents a cost savings of at least \$4.99.
 - Allows for single point of purchase to receive both subscriptions.
 - Existing subscribers can easily opt-into the promotion - no “poor choice”.
 - Initial limited time offer term, with ability to extend.
- Goal: 300K Fortnite Club monthly subscribers - Increased conversion with Apple support

FORTNITE CLUB

Proposed terms would focus on maximizing upside for both Epic and Apple.

Based on attribution for where a player subscribes:

- If the player signs up via Fortnite or other Epic channels:
 - \$11.99 monthly gross to Epic, remainder gross to Apple (minus platform fees for both)
- If the player signs up via Apple TV+ or Apple Music:
 - \$14.98 monthly gross to Apple, remainder gross to Epic

This way, each partner gets their full baseline revenue from internal signups, plus incremental from other partner's signups. Mitigates risk of downside from people who would otherwise pay for both.



ICON
SERIES

FORTNITE
x
MAJOR LAZER



FORTNITE
ICON
SERIES

FORTNITE

JACK
+
SUCK



JACK
+
SUCK

FORTNITE
ICON
SERIES

ASTRONOMICAL

J BALVIN - SEP



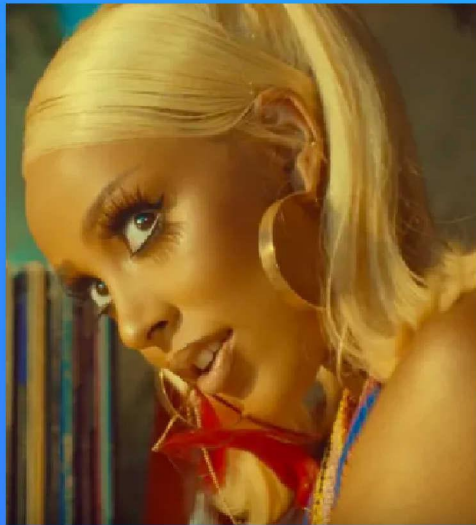
ARIANNA - OCT



GAGA - DEC

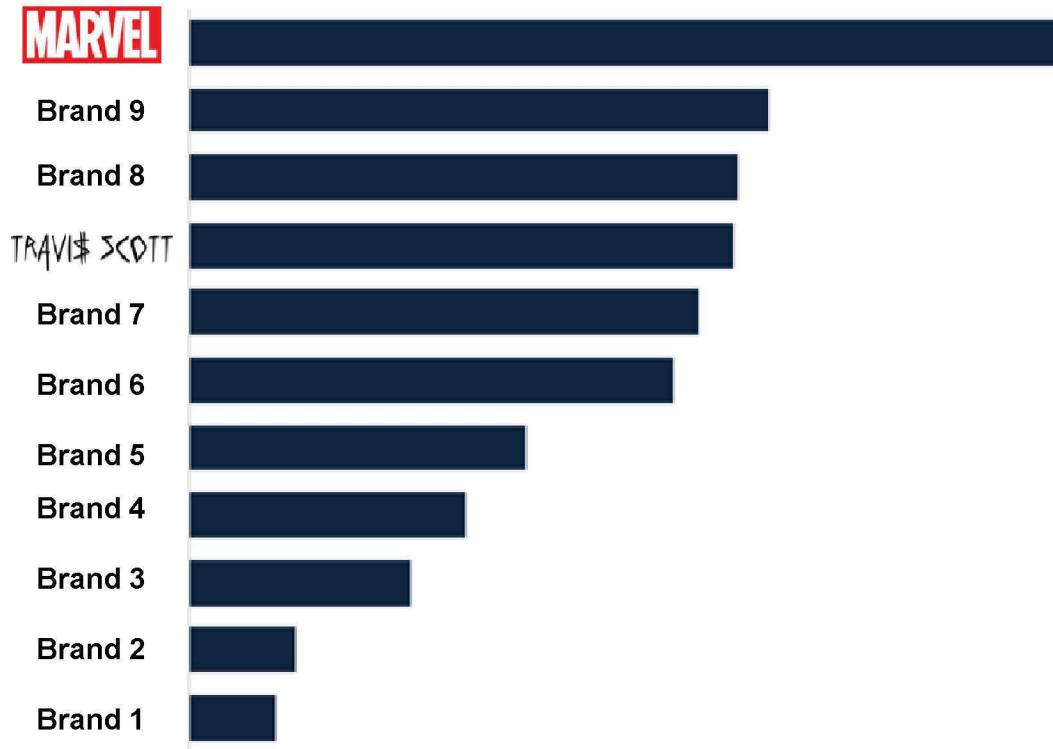


EMOTES



Top IP Collaborations

Top IP Collaborations by Revenue



Nike case study: Fortnite and Nike crossover event generating significant revenue and awareness

Limited Time Game Mode (LTM)

Parkour styled course
 Players dodge obstacles and collect coins
 Unlock Back Board Back Bling



“Hang Time” Bundle

Air Jordan character outfits and shoes (1,800 V-Bucks)
 Access to even more reward styles in LTM



Real-Life Nike Products

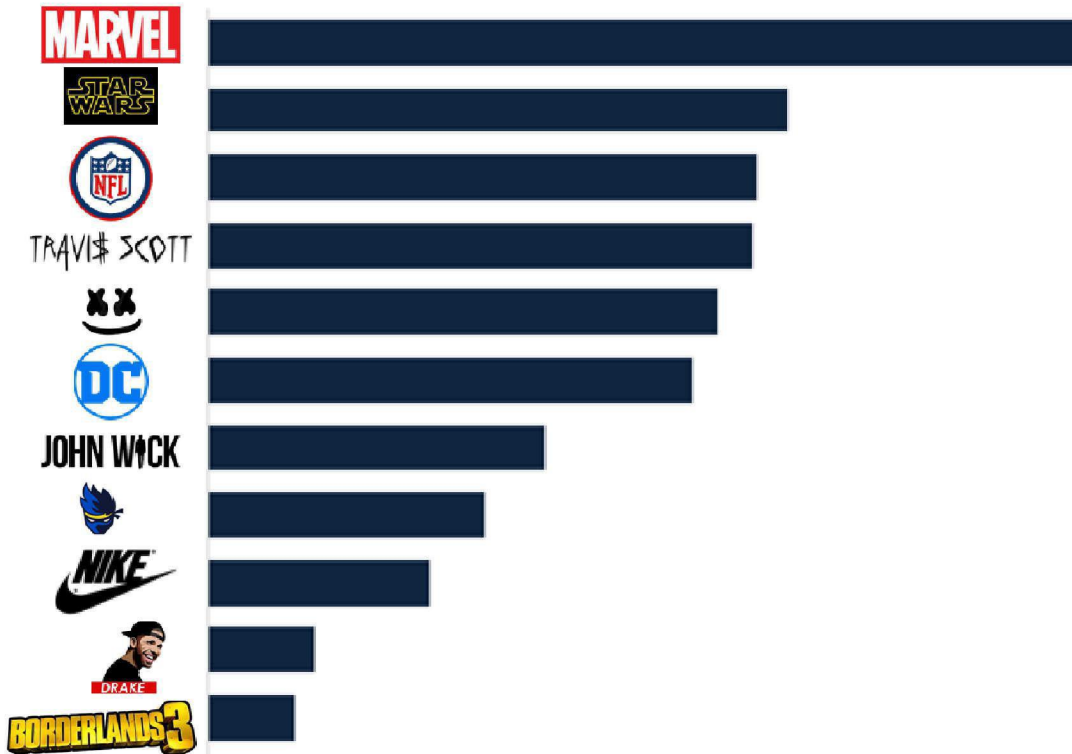
“Hang Time” skins represent Nike products that can be purchased in real life



Speaker Notes for Slide 50

Top IP Collaborations

Top IP Collaborations by Revenue



Nike case study: Fortnite and Nike crossover event generating significant revenue and awareness

Limited Time Game Mode (LTM)

Parkour styled course
Players dodge obstacles and collect coins
Unlock Back Board Back Bling



“Hang Time” Bundle

Air Jordan character outfits and shoes (1,800 V-Bucks)
Access to even more reward styles in LTM



Real-Life Nike Products

“Hang Time” skins represent Nike products that can be purchased in real life



Speaker Notes for Slide 51



MASTER CHIEF



KRATOS



SAMUS ARAN



NARUTO UZUMAKI



KATNISS EVERDEEN



THE BRIDE



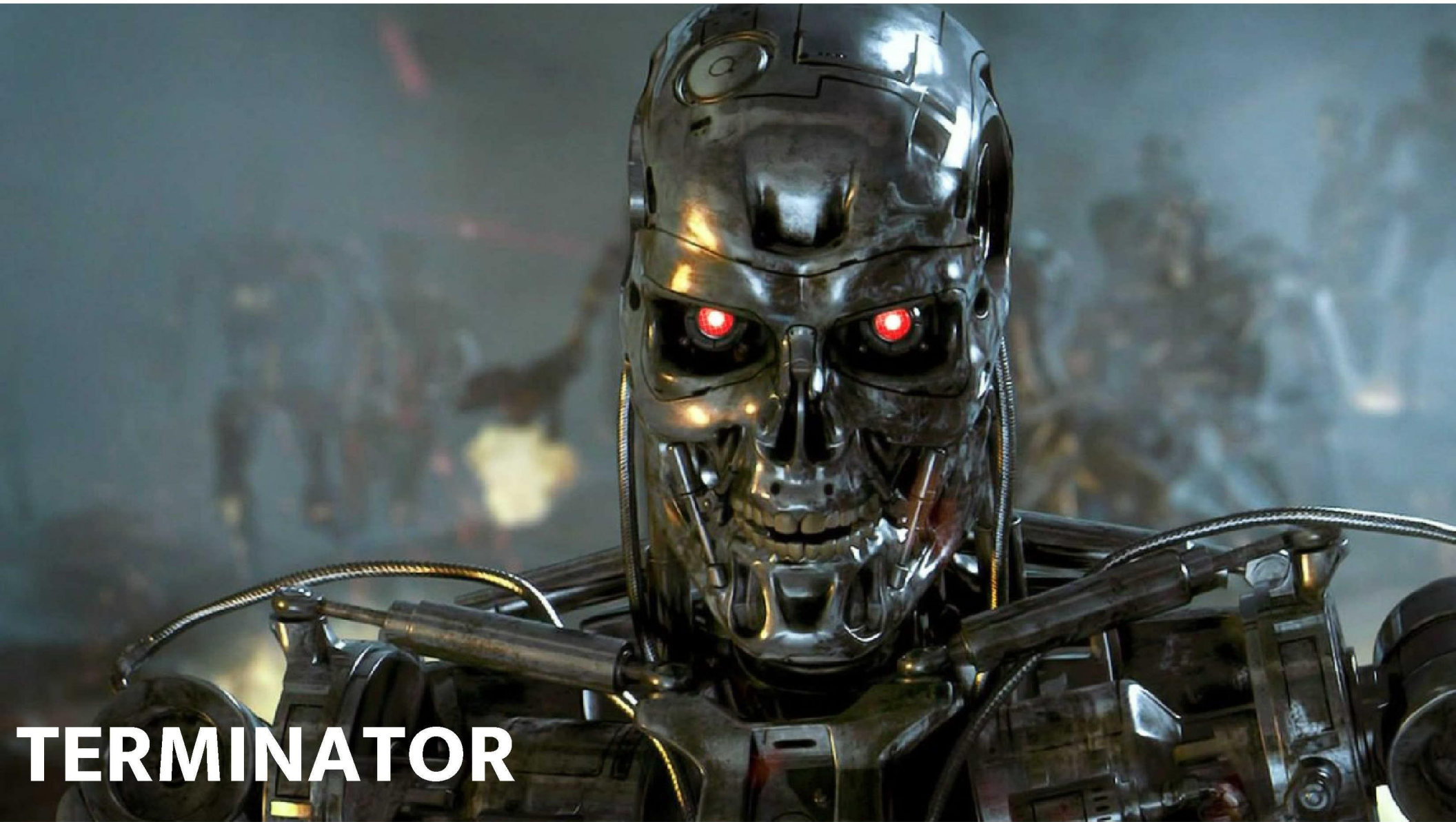
BATMAN LOOPER



SNAKE PLISSKEN



JOHN McCLANE



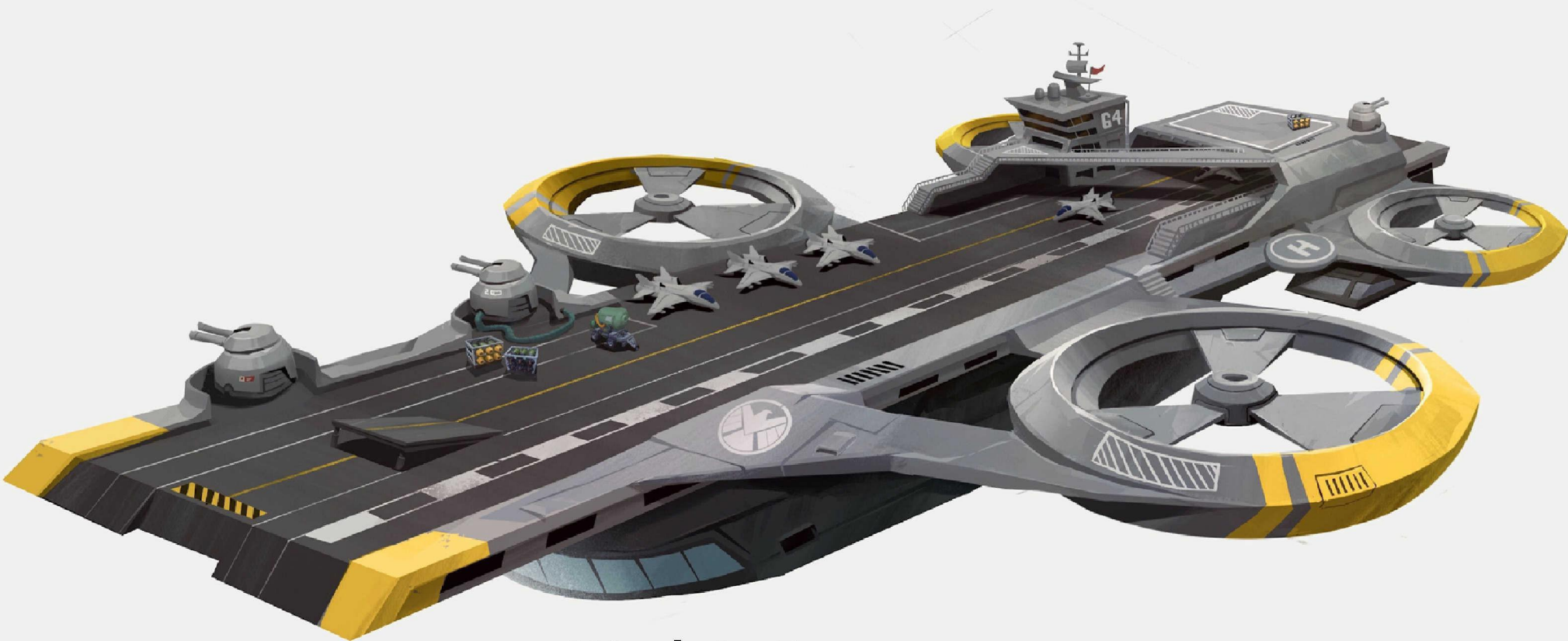
TERMINATOR



SARAH CONNOR

SHIELD Helicarrier

Central Hub for Battle Pass interaction and our NEW Starter Island



Work In Progress



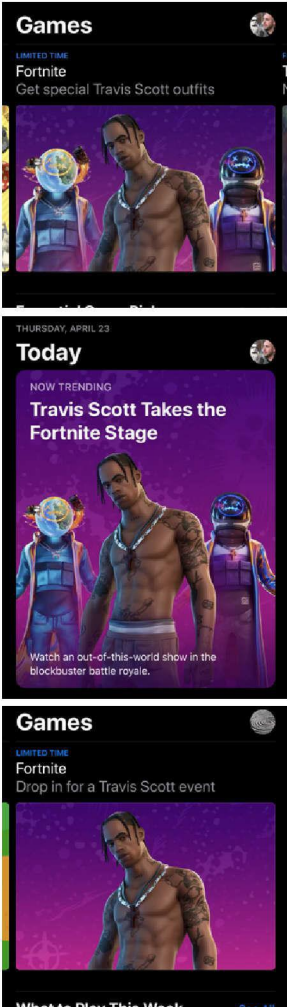
Galactus - End of Season 4 Event

Giant Galactus will slowly approach the Fortnite island, and only you and the greatest superheroes of all time can stop him!

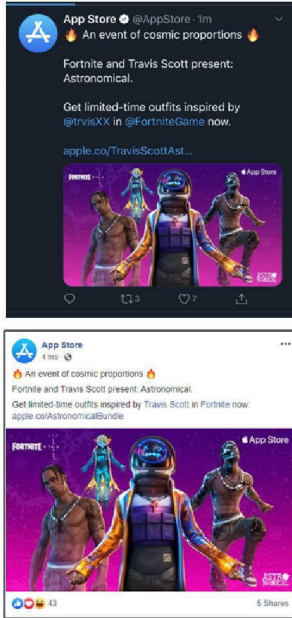


Fortnite - Apple Promotions

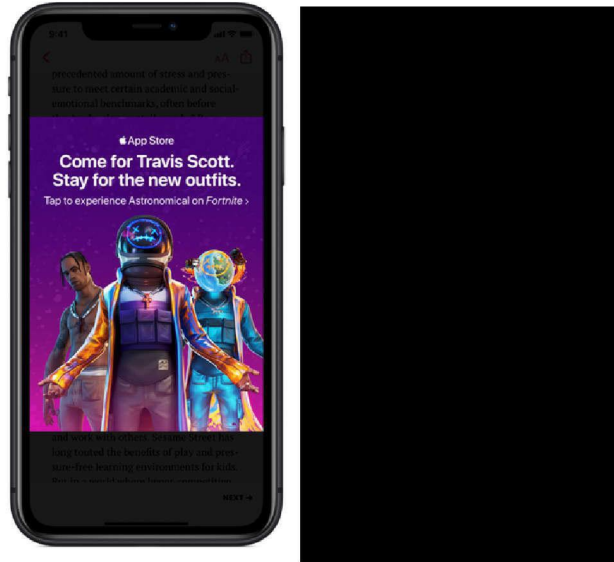
App Store



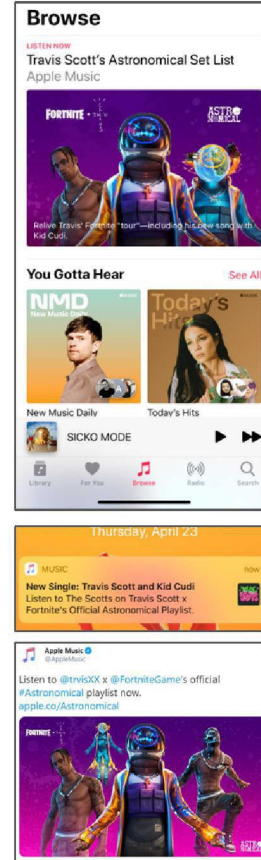
App Store Social Support



App Store Paid Media



Apple Music



Today-Sun:

- Social Support for live events
- Apple Music Notifications
- Travis on .WAV Apple Music show
- Playlist on Apple Music

WIP:

- Skrillex and Apple Music
- MusicKit & Affiliate Program Integrations for Cross Vertical Promotions
- May the 4th
- End of Season Event

Promotional Case Studies

Cross-Vertical Promotion: Astronomical

Apple Music:

- Editorial Featuring
- .WAV Radio Appearance
- Official Playlist
- UA
- Social
- Notification

App Store:

- Today Tab day of event
- Games Tab during the week
- Social support
- UA

Major Promotion: Season Launch

App Store:

- Today Tab day of event
- Games Tab during the week
- Social support
- UA

Minor Promotion: Deadpool

App Store:

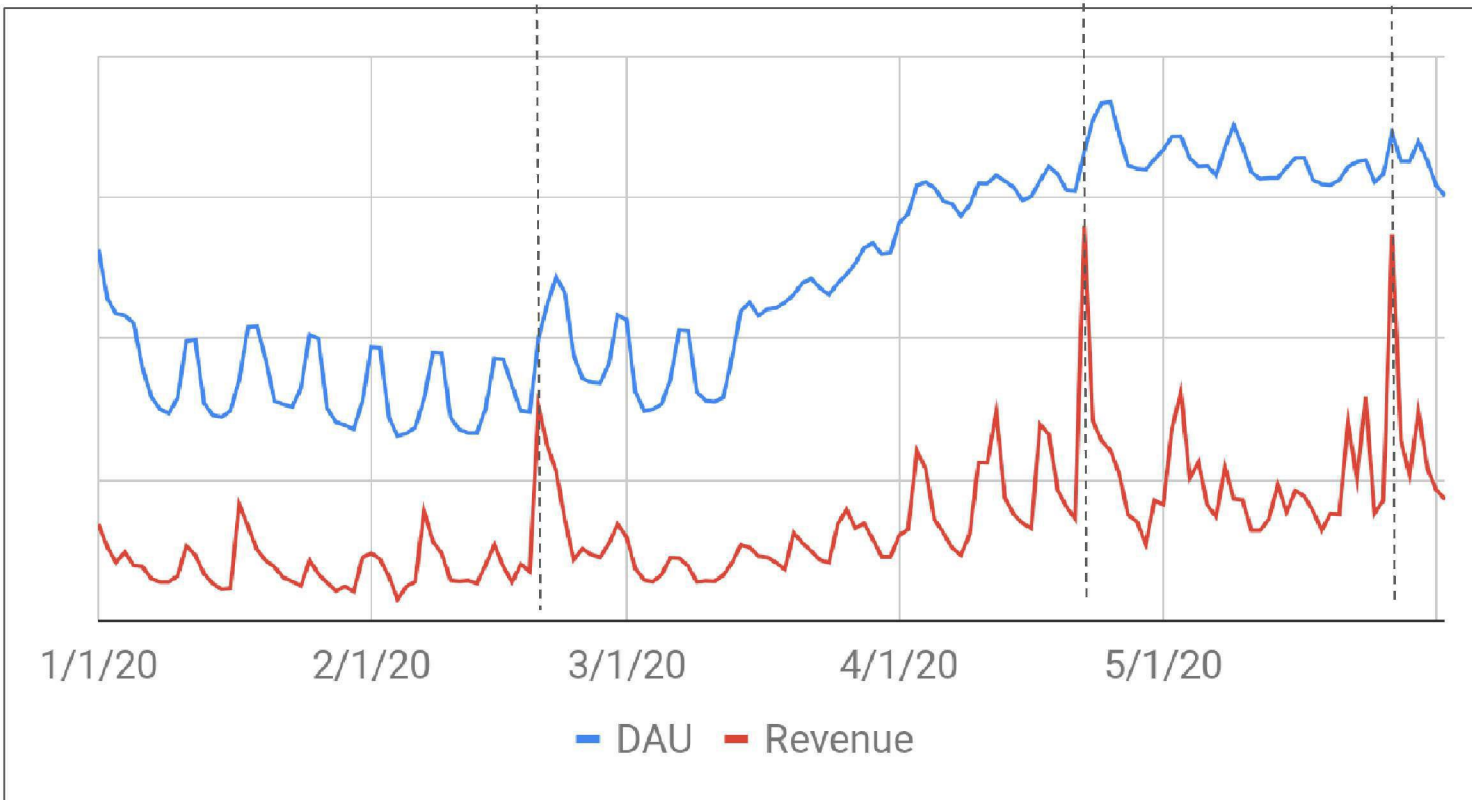
- Games Tab during the week

Fortnite: Q1-Q2 Recap



Key Events May Include:

- Season Launches
- Astronomical
- Party Royale



Epic's Social Entertainment Portfolio

FORTNITE

THE BIGGEST GAME IN THE WORLD

- Over 350 million accounts
- Cross platform play across 7-platforms
- Most-watched game on YouTube, Twitch and Facebook
- Over 89 million social followers
- IP integrations across every pillar of entertainment

350mm accounts **80.4mm** MAUs



HOUSEPARTY

THE FACE TO FACE SOCIAL NETWORK

- Joined Epic in June 2019
- A Top 5 Social Networking app in the US as of May 2020
- Cross platform support for mobile, macOS and browsers
- Expanding to new countries and audiences in 2020

78mm accounts **48.9mm** MAUs



PSYONIX

CREATORS OF ROCKET LEAGUE

- Joined Epic in May 2019
- Rocket League launched June 2015
- All time high CCU in March 2020 after amassing tens of millions of players
- One of the top PC and console launches in the past 5 years
- Developing mobile-lite game

73mm accounts **11.7mm** MAUs



Accounts and MAUs are as of April 2020.



Travis Scott World Tour Was the Largest Trans-Media Event Ever

Record Breaking Attendance

Travis Scott world tour broke all user records 3 years after Fortnite launch

- 12.3mm concurrent users¹
(compared to 10.6mm for Marshmello)
- 350mm Fortnite account¹
- 3.2 billion hours played in April 2020



Redefining Live Entertainment

Completely redefined the concert going experience and live events

- 27mm unique users attended one of Travis Scott's Fortnite concerts
(Compared to 9mm attendees to Ed Sheeran's 2017-2019 world tour, which is the largest in history)
- 45.8mm total views across 5 shows¹
- 890mm Fortnite video views¹
- 2.5mm concurrent Twitch & Youtube views



Driving Travis to the Top of the Charts

Debut single "The Scotts" on Fortnite and immediately reached the top of all charts

- #1 on Apple Music in the US
- #1 on Spotify in the US
- #1 on Twitter in the US
- Largest streaming debut of the year
- 44mm streams within one week
- 37,000 exclusive physical copy of "The Scotts" sold on vinyl, CD and cassettes

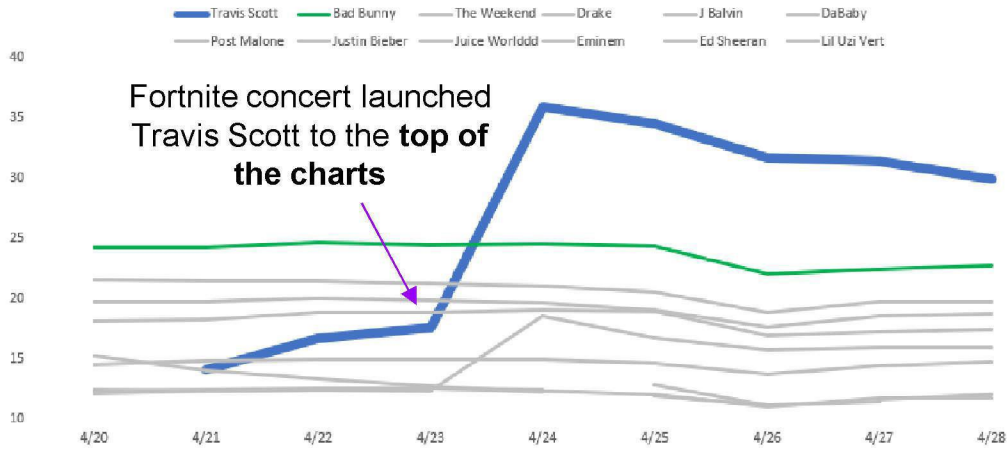


"Fortnite's Travis Scott Concert Was A Stunning Spectacle And A Glimpse At The Metaverse" - Forbes

¹CCU record set on first day of concert April 23, 2020. Total times Travis Scott concert was watched (players came in for multiple shows). Fortnite accounts as of April 2020. Youtube, FB, Twitter, Instagram video views on FN from April 23-25, 2020

Fortnite Redefines Today's Hyper Culture

Most Streamed Male Artist on Spotify (mm)



Why the Music Business Should Be Looking Closely at Fortnite and Epic Games

RollingStone

More than 12 million players tuned in for Travis Scott's 'Fortnite' event. That's roughly the same size as the average 'Monday Night Football' audience.

BUSINESS INSIDER

Travis Scott Destroys 'Fortnite' All-Time Record With 12.3 Million Live Viewers

VARIETY

Travis Scott's 'Fortnite' concert is the best damn thing to come out from a video game

Mashable

RollingStone

Subscribe

HOME > MUSIC > MUSIC NEWS

MAY 4, 2020 2:51PM ET

RS Charts: Travis Scott and Kid Cudi's 'The Scotts' Explodes to Number One With Help From Fortnite

Youngboy Never Broke Again also launched nine 38 Baby 2 songs on to the RS100

By RS CHARTS

Travis Scott collaborated with Kid Cudi on his new single "The Scotts."

Scott Garritt/Shutterstock

Travis Scott and Kid Cudi's "The Scotts" debuted at the top of the Rolling Stone Top 100 Songs chart thanks to more than 32 million streams and more than 68,000 downloads. Scott and Cudi first unveiled the track during a virtual event in the game Fortnite that attracted 12 million players.



FORTNITE
PARTY
ROYALE
ALL CHILL. NO SWEAT.

What is Party Royale?

Party Royale is an easy to-access space in Fortnite where players can drop in any time to enjoy streamed audio or video performances and games shared with their friends.

Party royale could fulfill Fortnite's promise as a true social space

THE VERGE

Diplo Goes Virtual for Major Lazer Concert in Fortnite's Party Royale Mode: Watch

billboard

Games Like *Fortnite* Are Today's 'Third Places'

As the online game is proving with Travis Scott and Party Royale, digital places are every bit as legitimate as their analog counterparts.

WIRED



PARTY ROYALE

LIVE

UPCOMING EVENTS

CHANCE THE RAPPER
7PM - MUSIC STAGE

BRIAN REGAN
12PM - STAGE B

FRIGHT NIGHT
2AM - MOVIEPLEX

TOMORROW

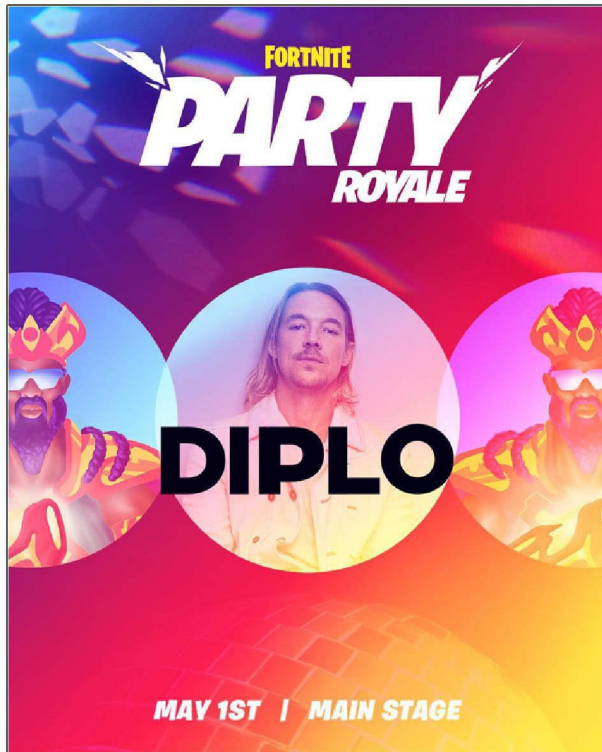
LOREMIPSUM
7PM - MUSIC STAGE

DOLOR AMIT SEQUITOR
12PM - STAGE B

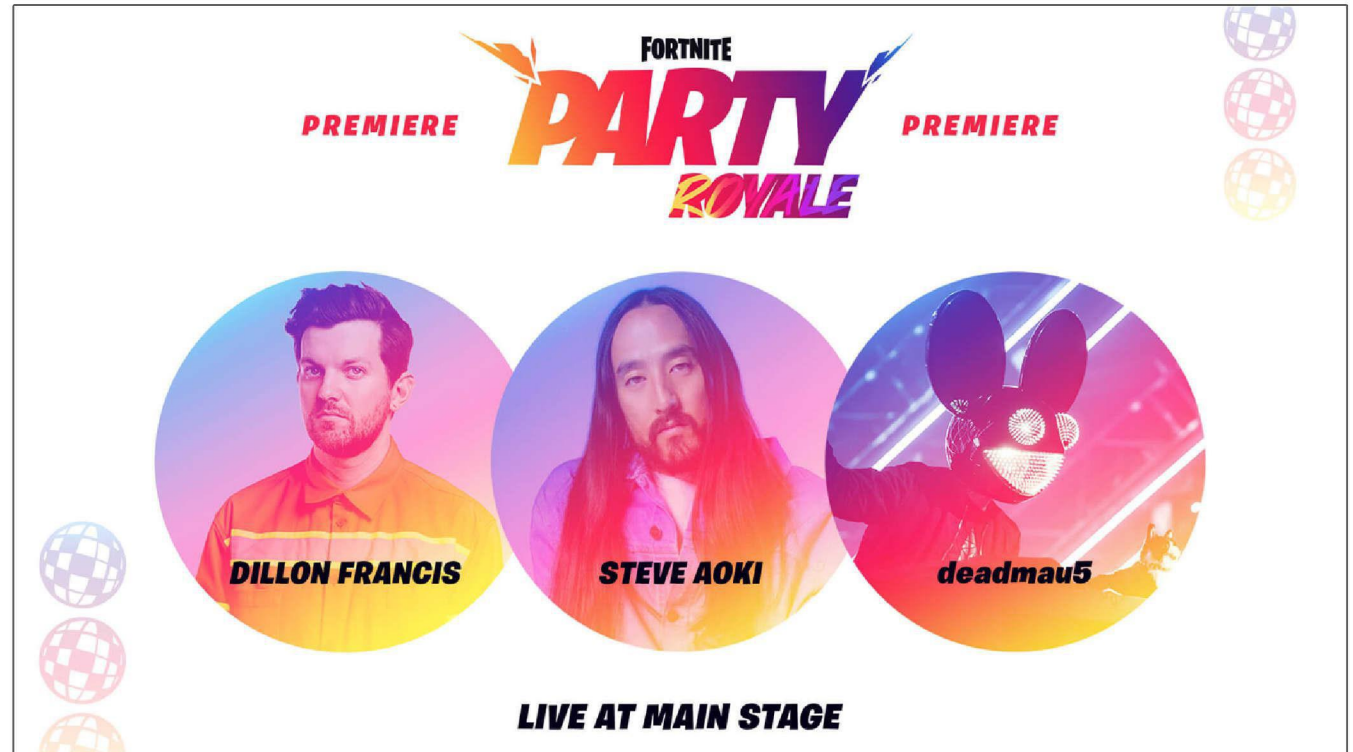
QUESTRUM LOGARIUM
2AM - MOVIEPLEX



Lineup Leading to the Party Royale Premiere



DIPLO & FRIENDS
Stealth Mode Event "Drop"



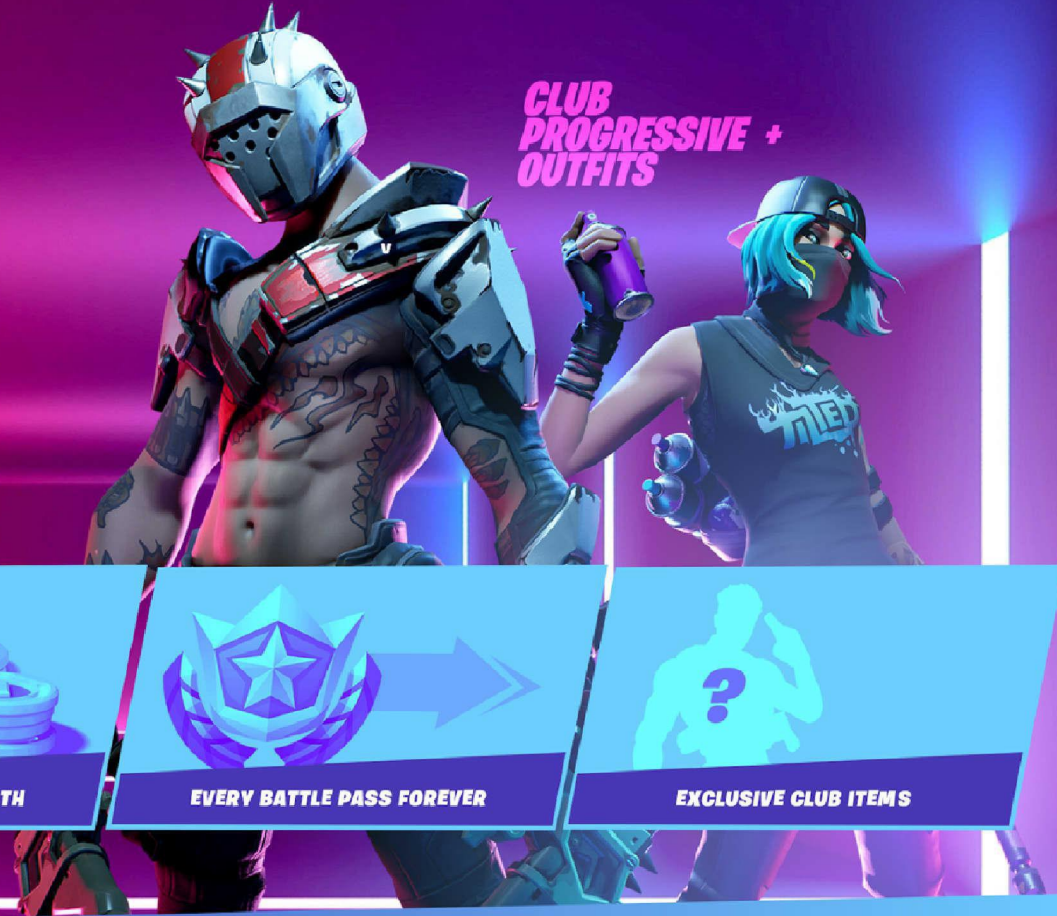
PARTY ROYALE PREMIERE EVENT - MAY 8
Lineup of the world's biggest DJs



**AN EXCLUSIVE SPOT FOR YOU AND YOUR FRIENDS
TO HANG OUT, SHOW OFF, LEVEL UP, EARN REWARDS.
OH YEAH, AND GET EVERY BATTLEPASS. FOREVER.**

THE CLUB

CLUB
PROGRESSIVE +
OUTFITS



ACCESS TO THE CLUB



1,000 VBUCKS EVERY MONTH



EVERY BATTLE PASS FOREVER



EXCLUSIVE CLUB ITEMS

JOIN THE CLUB

TAKE THE TOUR

FORTNITE CLUB

Available for Subscription at Any Point of the Season:

- Monthly Price Point of \$11.99 (RMT Only)

Subscription Content:

- 1. Battle Pass:** Access and progress the Battle Pass as long as you stay subscribed.
- 2. Monthly V-Bucks:** Receive 1,000 V-Bucks each month
- 3. Free Monthly “Club Series” Cosmetic Pack:**
 - Content valued at \$14.99 or higher
 - Includes an Outfit, plus accessories, purchasable by non-subs one month later (1,500 V-Bucks).
- 4. Exclusive Progressive Outfit:** Evolves one level with each “Club Series” pack you consume.



FORTNITE
2020 GOALS ~~PLAN OF RECORD*~~

**SUBJECT TO FREQUENT CHANGE WITH VERY LITTLE NOTICE*

BATTLE ROYALE SEASON 3



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Houseparty

#5 Social Networking App in the App Store

IN THE HOUSE



3 Days. 30 Artists.
Only on Houseparty.

In The House is an exclusive original content series with major influencers that gives our audience live shared experiences to view with their friends.

30 artists, musicians, cooks and comics create joyful, interactive content over a three day digital festival, only on Houseparty.

Jump "In the House" from May 15 - May 17.



Houseparty of the Future

Content & Games

Shared Experiences

Fortnite Events & Game





ROCKET LEAGUE



- Competitive soccer-based PvP with rocket-powered cars!
- Continued Growth - Highest MAU is this year!
- Extensive IP integrations
- Two new products on the horizon for mobile

Rocket League “Next”

- Next-generation client with full game experience across all platforms, including mobile
- Cross-Play, Cross-Progress between mobile, PC, console
- Mobile Alpha/Beta long before it's released on other platforms
 - Est: Q2 2021 for Mobile Beta

Rocket League "2D"

- Rocket League rebuilt for touch controls (also supports controllers)
- Engage with Rocket League on mobile for the first time
- Online Competitive Multiplayer (2v2, 1v1) with RL's trademark depth & physics replayability
- Feature complete, playable on TestFlight - evaluating release windows for iOS as soon as Summer 2020
- Shared social graph with console/PC game friends lists and cross-platform gameplay incentives



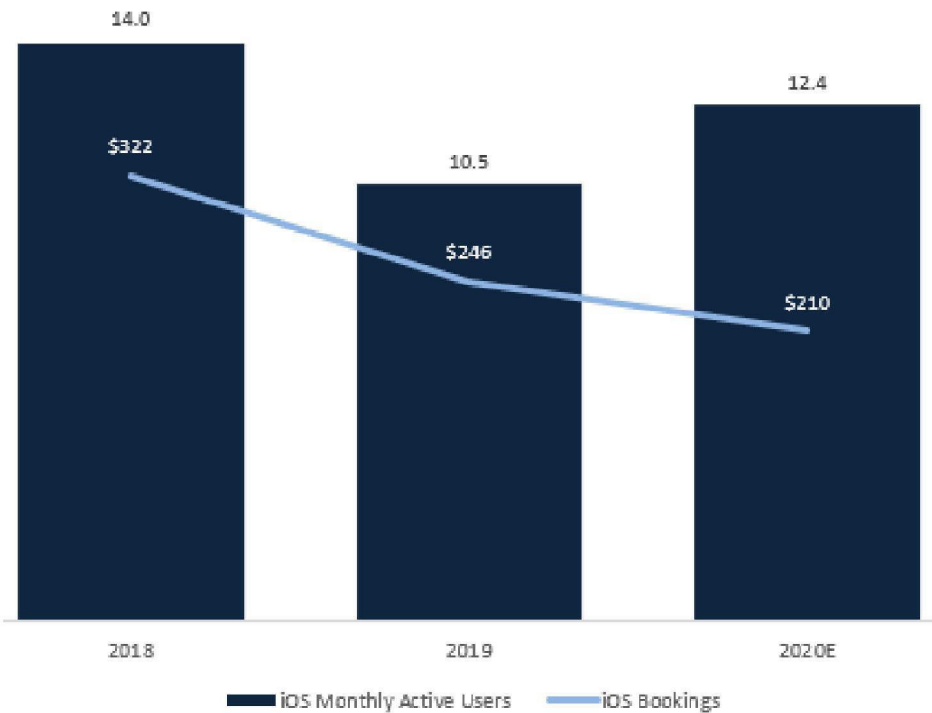
SPYJINX

- Soft launched 4/1 in key APAC countries
- Development is focused on optimizing onboarding and adding new mechanics



iOS 2018 - 2020 Recap

2018A - 2020E iOS Bookings and MAUs (in millions)



Bookings Split: Battle, Item Shop, Real Money

