

DEPENDANT A	United States District Court Northern District of California
	Case No. 4:20-cv-05640-YGR
	Case Title <i>Epic Games, Inc. v. Apple, Inc.</i>
	Exhibit No. DX-3712
	Date Entered _____
	Susan Y. Soong, Clerk
	By: _____, Deputy Clerk



Epic Games Store

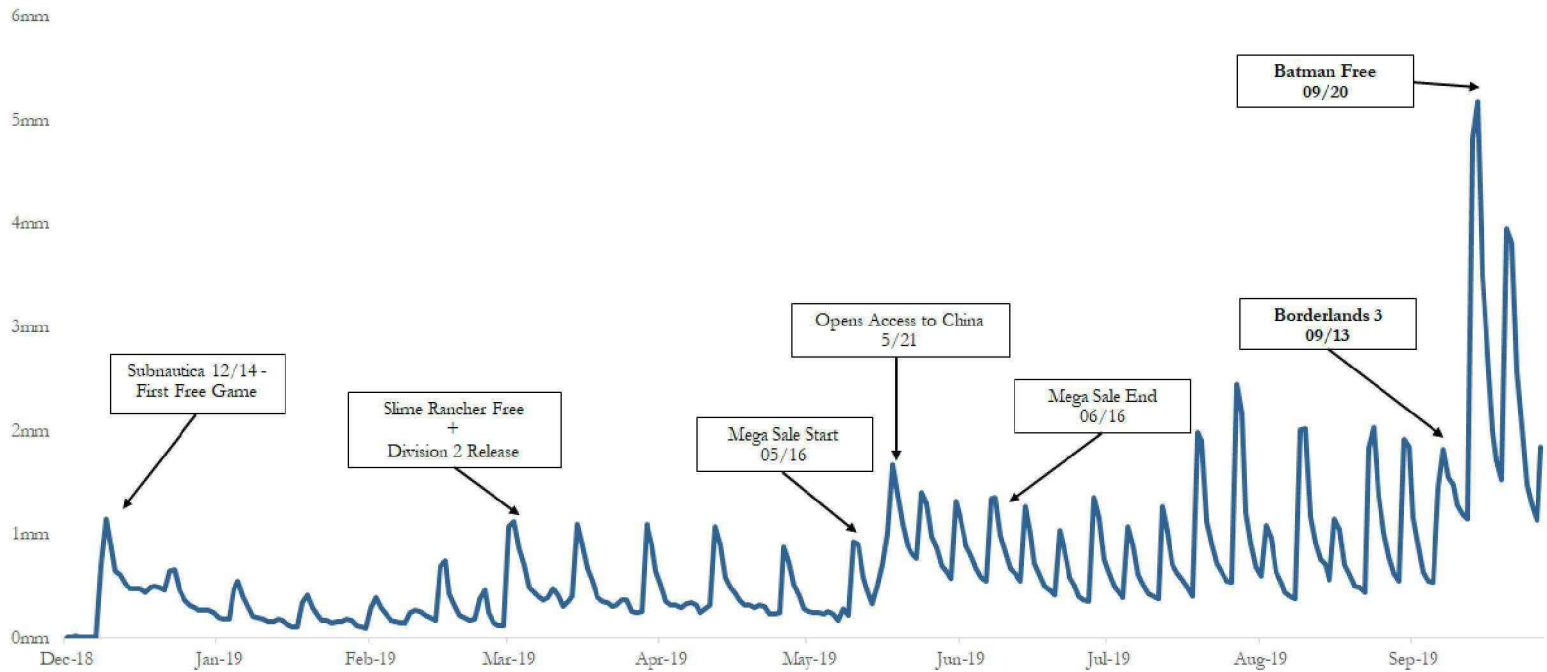
Review of Performance and Strategy

October 25, 2019



Users & Monetization Growth

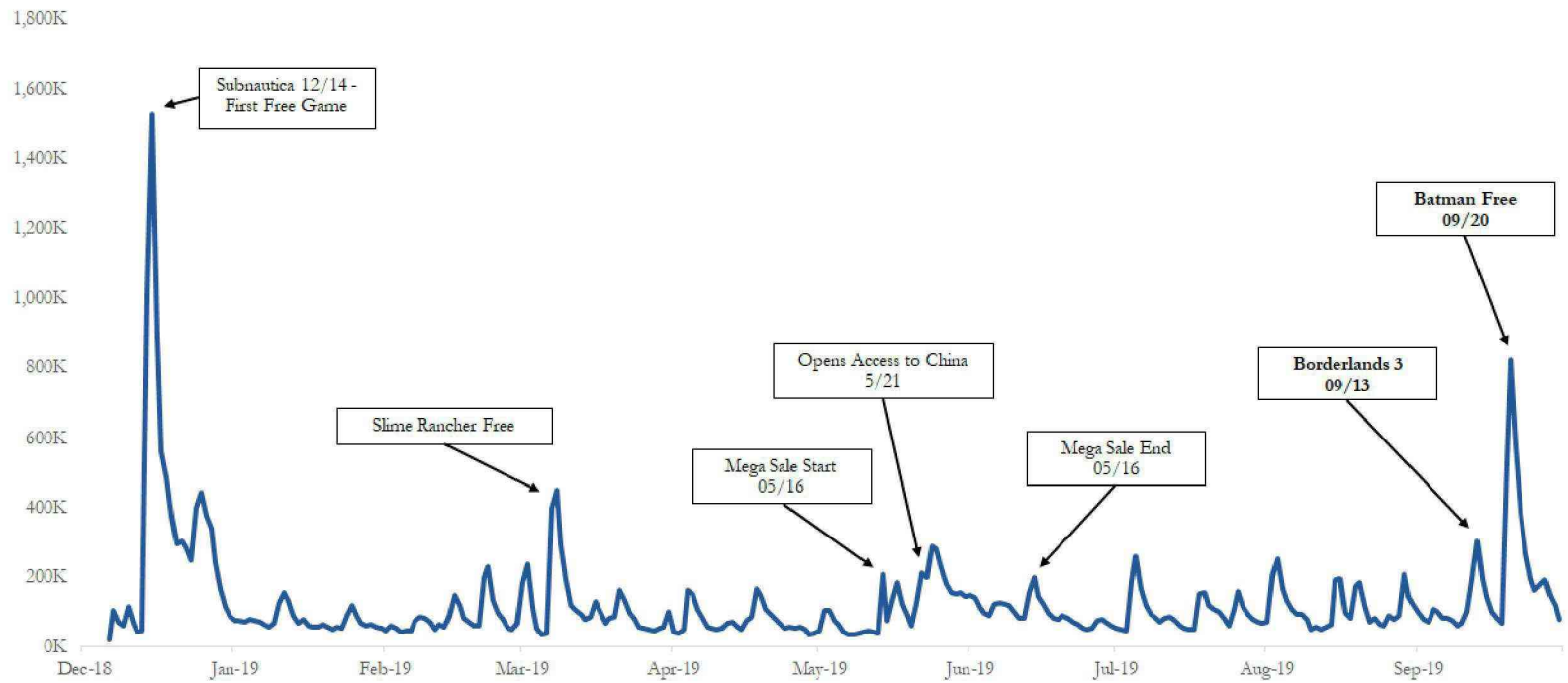
Daily Active Users



Continuous Growth in DAU driven by Exclusives, Promotions and Free Games



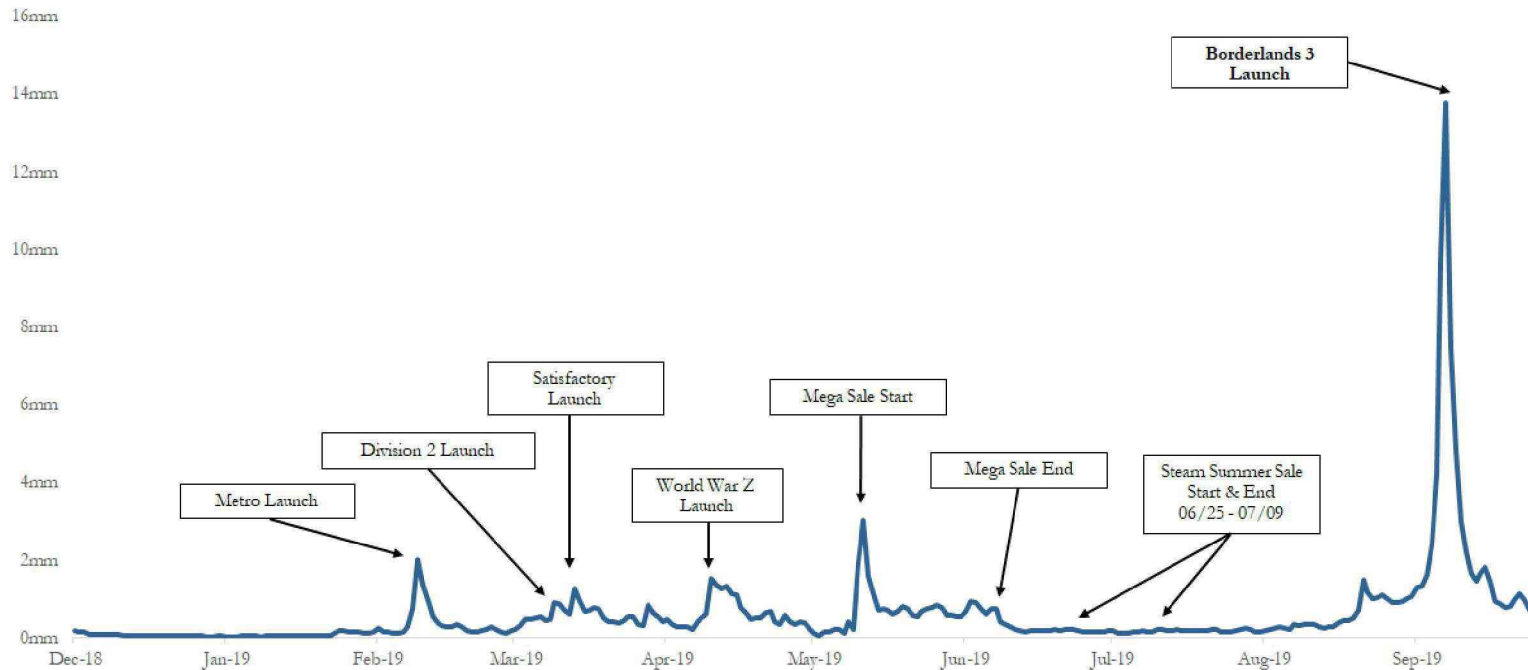
New Store Users by Day



First Entitlements/Day remain very active & are a view used to show events that drive initial EGS action



Epic Games Store Daily Revenue



Gross Revenue since launch in December 2018 of ~\$160 million with monthly revenue in September 2019 alone of ~\$82 million

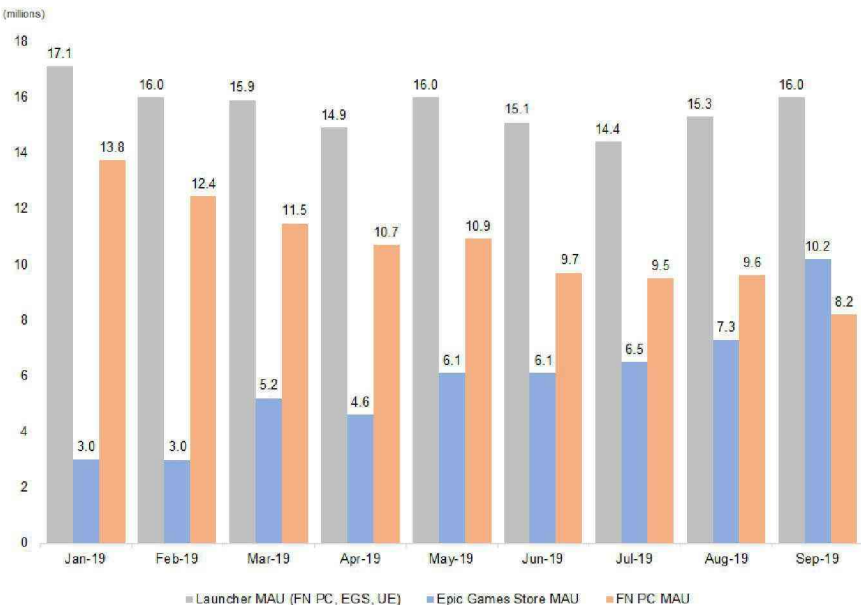


EGS, FN PC & Epic Launcher MAU 2019 YTD

EGS MAU Surpassed Fortnite PC in September



Ecosystem MAU: Launcher, EGS, Fortnite PC

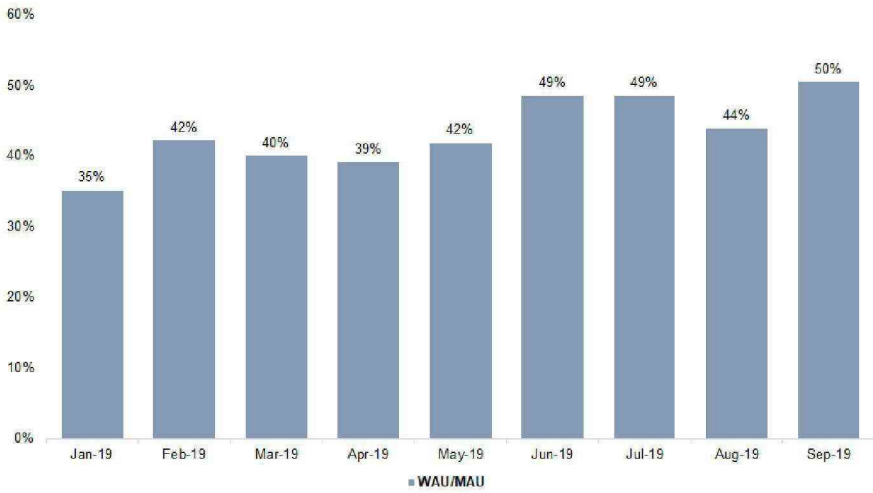


Launcher MAU includes UE Marketplace, EGS & Fortnite PC

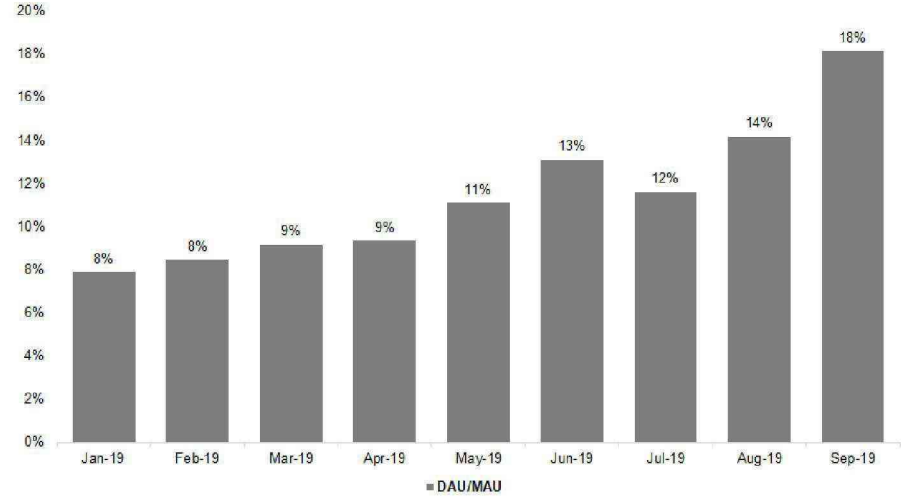


Epic Games Store WAU/MAU & DAU/MAU

Weekly / Monthly Active Users



Daily / Monthly Active Users

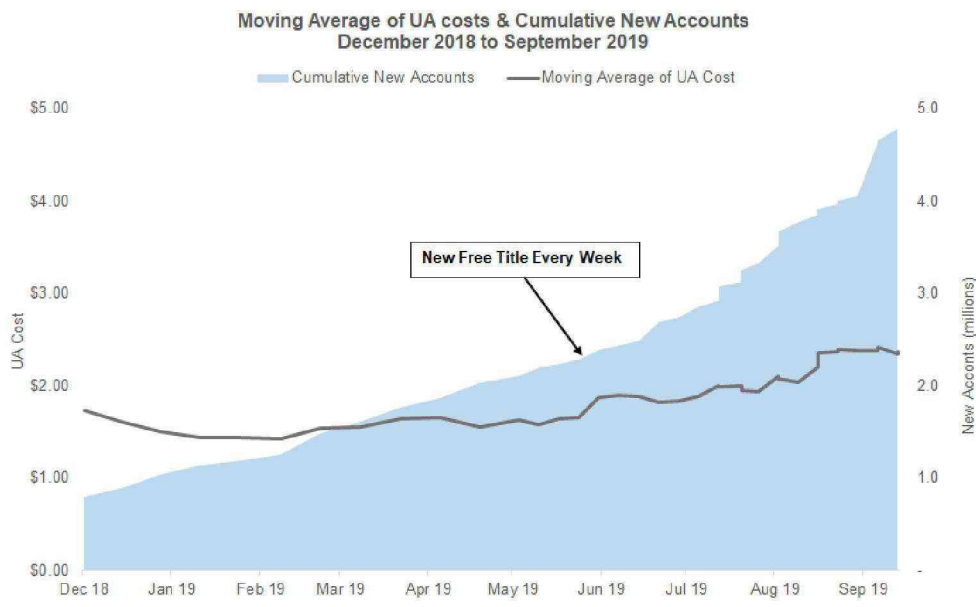


Continuous Growth in Daily and Weekly Engagement driven by Exclusives and Free Games



EGS Free Games LTD

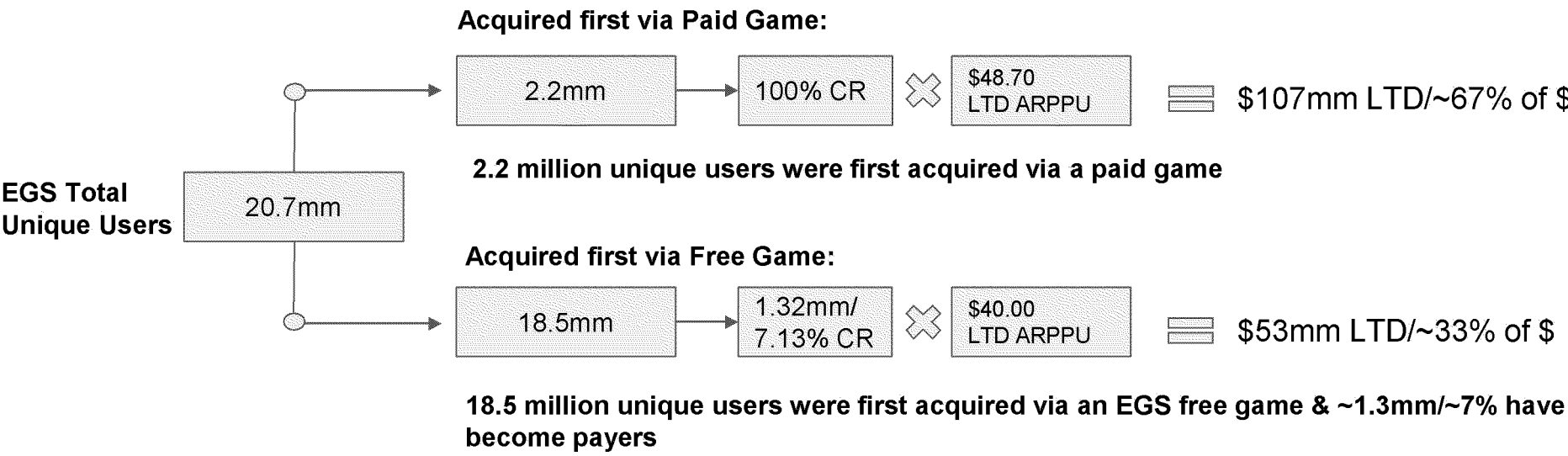
Title	Seller	Start Date	Entitlements	Buyout Price	New Epic Accounts	EPIC UA Cost	New to Epic %
Subnautica	Unknown Worlds	12/14/2018	4,634,926	\$1,490,000	904,052	\$1.74	17%
Super Meat Boy	Team Meat	12/20/2018	1,759,421	\$50,000	97,042	\$0.52	6%
What Remains of Edith Finch	Annapurna	1/10/2019	1,084,926	\$125,000	141,329	\$0.88	8%
Jackbox Party Pack	Jackbox	1/24/2019	1,416,906	\$80,000	94,414	\$0.94	7%
Axiom Verge	Thomas Happ	2/7/2019	1,297,299	\$80,000	52,037	\$1.54	4%
Thimbleweed Park	Terrible Toybox	2/21/2019	1,973,778	\$85,000	73,198	\$1.16	4%
Slime Rancher	Monomi Park	3/7/2019	3,417,371	\$500,000	226,597	\$2.21	7%
Overtree	Night School	3/21/2019	2,340,552	\$200,000	123,871	\$1.61	5%
The Witness	Thekla	4/4/2019	2,766,967	\$400,000	148,783	\$2.59	5%
Transistor	Supergiant	4/18/2019	2,505,024	\$200,000	111,617	\$1.79	4%
World of Goo	2D Boy	5/2/2019	2,438,304	\$50,000	155,215	\$0.32	6%
Stories Untold	Devolver Digital	5/16/2019	2,261,398	\$300,000	82,280	\$3.65	4%
RiME	Six Foot	5/23/2019	2,434,212	\$45,000	95,705	\$0.47	4%
City of Brass	Uppercut	5/30/2019	2,105,805	\$200,000	32,359	\$6.18	2%
Kingdom New Lands	Raw Fury	6/6/2019	2,188,125	\$100,000	45,632	\$2.19	2%
Enter the Gungeon	Devolver Digital	6/13/2019	2,722,191	\$700,000	112,869	\$6.20	4%
Rebel Galaxy	Double Damage	6/20/2019	2,126,164	\$125,000	41,812	\$2.99	2%
Last Day of June	505 Games S.r.l.	6/27/2019	2,001,838	\$75,000	50,807	\$1.48	3%
Overcooked	Team17 Digital	7/4/2019	3,011,206	\$225,000	206,275	\$1.09	7%
Torchlight	Perfect World	7/11/2019	2,144,476	\$150,000	54,809	\$2.74	3%
Limbo	Playdead	7/16/2019	2,672,569	\$350,000	115,217	\$3.04	4%
Moonlighter	11 Bit Studios	7/25/2019	2,766,640	\$450,000	66,632	\$6.75	2%
This War of Mine	11 Bit Studios	7/25/2019	2,777,885	\$250,000	140,166	\$1.78	5%
Alan Wake	Remedy	8/2/2019	2,867,671	\$150,000	63,288	\$2.37	2%
For Honor	Ubisoft	8/2/2019	3,048,725	\$83,000	118,257	\$0.53	4%
GNOG	KO_OP	8/8/2019	2,087,429	\$100,000	73,718	\$1.36	4%
Mutant Year Zero	Funcom	8/15/2019	3,023,084	\$1,000,000	197,845	\$5.05	7%
Hyper Light Drifter	Heart Machine	8/15/2019	2,726,839	\$200,000	152,909	\$1.31	6%
Fez	Polytron	8/22/2019	2,504,645	\$75,000	107,303	\$0.70	4%
Inside	Playdead	8/29/2019	2,710,879	\$800,000	71,942	\$11.12	3%
Celeste	Matt Makes Games	8/29/2019	2,705,525	\$750,000	62,523	\$12.00	2%
ABZU	505 Games S.r.l.	9/5/2019	2,642,880	\$150,000	56,471	\$2.96	2%
The End is Nigh	Edmund McMillen	9/5/2019	2,422,807	\$200,000	27,352	\$7.31	1%
Canary	Iceberg Interactive	9/12/2019	2,601,327	\$50,000	53,304	\$0.94	2%
Batman Arkham	Warner Bros	9/19/2019	6,448,904	\$1,500,000	613,912	\$2.44	10%
LEGO Batman	Warner Bros	9/19/2019	5,268,028	\$300,000	48,991	\$6.38	1%
Melro: 2033 Redux	Koch Media	9/26/2019	4,548,873	\$0	169,872	\$0.00	4%
Everything	David O'Reilly	9/26/2019	3,544,541	\$200,000	35,830	\$5.58	1%
Grand Total			104,579,840	\$11,658,000	4,924,213	\$2.37	5%



~100mm entitlements ~5.0M/5% New Accounts w/UA Cost of \$2.37/New Account



Epic Games Store Users & Purchases LTD



~21mm unique users LTD. ~7% of Users acquired via a Free Game have made a purchase



Paid Unique Users - More Detail

Acquired first via Paid Game:



2.2 million unique users were first acquired via a paid game, these players fall into 3 subgroups:

Almost 50% Paid Users are completely new to the Epic ecosystem



Of users first acquired via a Paid Game to date, only 6% are active FN players

Free Game Users & Conversion to Payers - More Detail

Acquired first via Free Game:



18.5 million unique users were first acquired via an EGS free game & ~1.3M/~7% have become payers, these players fall into 3 subgroups:

Lapsed Fortnite players have highest conversion and ARPPU



53% of users first acquired via a Free Game are lapsed Fortnite players, they are also the most active payers



Update: First 2 Weeks of Sales

\$ in Millions

Borderlands 3 Deal

Borderlands 3 Minimum Guarantee	\$80
Borderlands 3 Marketing Commitment	\$15
Borderlands 3 Non Recoupable Fees	\$20
Total Borderlands 3 Deal	\$115

Bundled 2K Deals

Handsome Collection	\$11
Civilization	\$20
Total Bundled 2K Deals	\$31

Fully Loaded Borderlands 3 Deal (incl. Bundled 2K)	\$146
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% Recoup Borderlands 3

Life-to-Date Borderlands 3 EGS Revenue	\$77
Life-to-Date Borderlands 3 (PC Retail, Resellers)	\$23
Total Life-To-Date Borderlands 3 Recoupable Revenue	\$100
Borderlands 3 EGS Gross Revenue	\$77
(x) EGS 12% Revenue Share	12.0%
EGS Life to Date Net Revenue	\$9.2

- **100%** of \$80mm minimum guarantee recouped
- **1.56mm** Borderlands users
- **53%** new to Epic Game Store
- Net revenue contribution of \$9.2mm

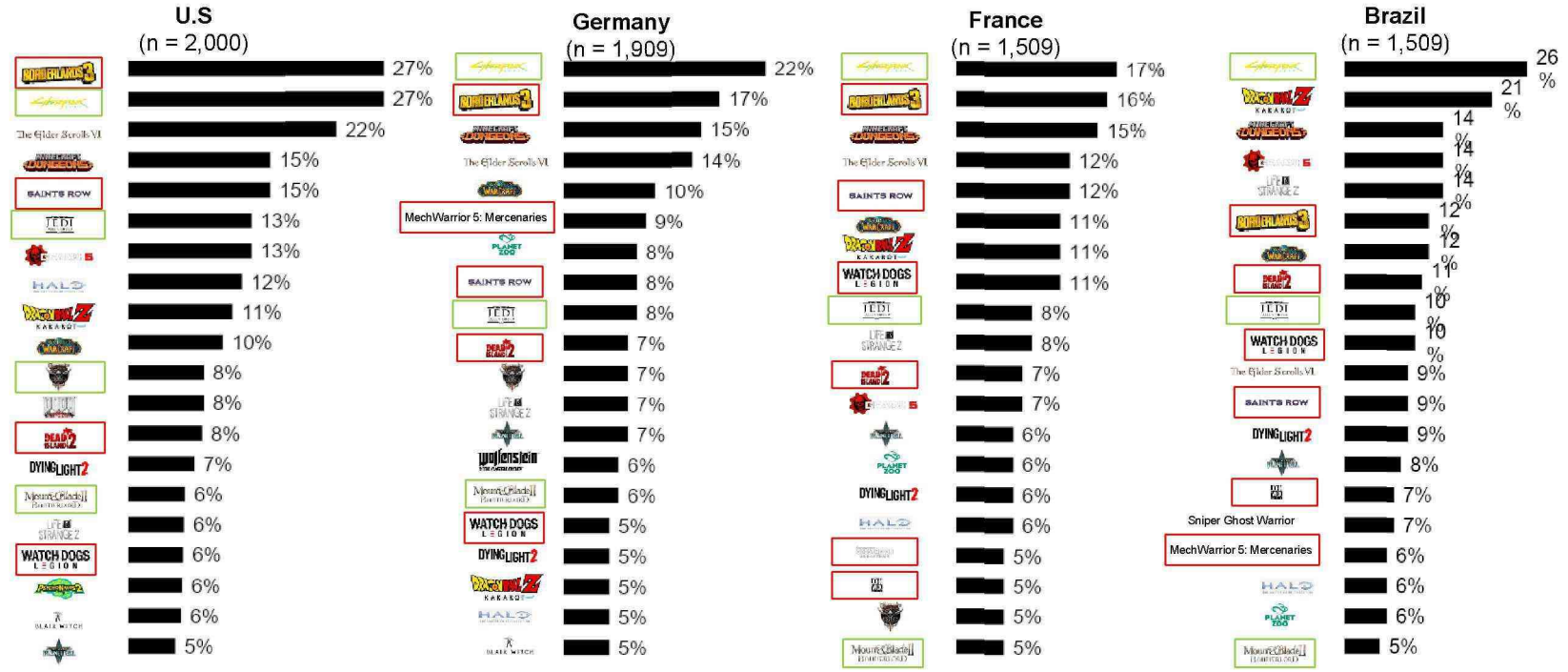


What's Next? Most Anticipated PC Games*

Red = Epic Games Store exclusive, **Green** = Sim ship on Steam/PC stores

(Aug 2019 EGS Blind survey)

Which of the following upcoming PC games are you most looking forward to? (Select up to five.)



Note: Only the top 20 most selected games for each region are shown. Only announced games



5 Year P&L View

Assumptions | Revenue Build

Revenue Assumptions		Assumption Detail					
		2019	2020	2021	2022	2023	2024
1. Model based on ~110 signed titles and pipeline (non-signed) titles	Total Signed Deals (Sept '19)	56	45	4			
	Minimum Gaurantees (\$ in mm)	\$542	\$444	\$52			
	Expected Lifetime Recoup	62%	82%	90%			
2. Pipeline (non-signed) titles are driven by projected number of MG and non-MG titles by tier	Titles						
	Tier 1		1	6	6	6	6
	Tier 2		2	14	17	17	17
	Tier 3&4		27	125	302	318	318
	Catalogue Titles		300	500	700	1,000	250
	Total Pipeline (Non-Signed) Deals		330	645	1,025	1,341	591
3. Revenue on pipeline MG titles are based on lifetime revenue of a comparable games relative to tier	Lifetime revenue / title for pipeline titles with minimum guarantees (exclusives)						
	<ul style="list-style-type: none"> Tier 1: \$60mm Tier 2: \$30mm Tier 3: \$7.5mm Tier 4: \$2.5mm 						
4. Revenue of pipeline non-MG titles are based on market share of capture of the title based on tier	% market share capture of non-exclusive titles						
	<ul style="list-style-type: none"> Aggressive pursuit scenario: 20% up to 50% Aggressive pursuit scenario (Steam reacts): 20% up to 30% Winding down scenario: 20% down to 8% 						
5. Lifetime revenue earned over typical game decay curve	<ul style="list-style-type: none"> Tier 1 and 2 titles lifetime revenue earnout: 50% in Y1, 30% in Y2 ,15% in Y3 and 5% in Y4 Tier 3 and 4 titles lifetime revenue earnout: 40% in Y1, 40% in Y2 ,15% in Y3 and 5% in Y4 						

* Assumes launch dates of games average out to midpoint of the year



Assumptions | Scenarios

Assumptions

- # of **exclusive** deals (i.e. **minimum guarantee** deals) pursued

Aggressive Pursuit Model

- Continue **aggressive investment in securing titles for an exclusive window** across tiers to drive users into the Store and gain market share

Total Exclusive Titles	2019	2020	2021	2022	2023	2024
Tier 1	2	2	5	4	4	4
Tier 2	12	15	11	10	12	12
Tier 3	7	14	16	12	8	8
Tier 4	35	23	20	10	10	10
Total Exclusive Titles (i.e. MGs)	56	54	52	36	34	34

- \$ Minimum Guarantee** additions

MGs \$ in mm	2019	2020	2021	2022	2023	2024
Minimum Guarantee Additions	\$542	\$495	\$667	\$451	\$469	\$469

- Structural improvements in MG deals**

Across both scenarios, this model reflects fundamental improvements in structuring exclusive deals given:

- Lifetime recoup (vs. one year recoup)
- Cross collateralization
- Ability to sign minimum guarantees at the lower end of comps due to the scaling of the store ecosystem

- Risk adjustment:** haircut on revenue across all games

- 25% portfolio risk to signed deals
- 20% portfolio risk to pipeline (non-signed) deals
- 30% portfolio risk to pipeline (non-signed) deals (Steam reacts)

- 25% portfolio risk to signed deals
- 15% down to 0% portfolio risk to pipeline (non-signed) deals

- Market Share Capture**

- 50% of all PC revenue if Steam doesn't react
- 35% of all PC revenue if Steam does react

- Build up to 20% of all PC store users and wind down to ~8% over time

Winding Down Model

- Winding down underwriting **minimum guarantees** for exclusive titles in 2021

Total Exclusive Titles	2019	2020	2021	2022	2023	2024
Tier 1	2	2	3	3	2	2
Tier 2	12	15	9	5	0	0
Tier 3	7	14	1	0	0	0
Tier 4	35	23	0	0	0	0
Total Exclusive Titles (i.e. MGs)	56	54	13	8	2	2

MGs \$ in mm	2019	2020	2021	2022	2023	2024
Minimum Guarantee Additions	\$542	\$495	\$352	\$220	\$80	\$80

5 Year P&L and User Forecast

Aggressive Pursuit Model

Illustrative: Last deal signed in 2024

	2019	2020	2021	2022	2023	2024	Flow from Prior Years		
							2025	2026	2027
All figures in millions, except per user									
P&L									
Signed Deals	\$213	\$375	\$183	\$59	\$21	\$9	\$4	\$0	\$0
Pipeline (Non-Signed Deals)	-	24	363	683	980	1,165	652	246	60
Free Games	1	2	2	2	3	3	-	-	-
Gross Revenue	\$213	\$401	\$547	\$744	\$1,004	\$1,177	\$655	\$247	\$60
Store Royalty (88% Share)	\$208	\$353	\$482	\$655	\$883	\$1,036	\$577	\$217	\$53
MG True-Up (Reversal) ¹	120	254	144	154	33	(16)	(23)	(74)	(3)
Total Revenue Share	328	606	626	809	917	1,020	554	143	50
Free Game Buyout	\$34	\$34	\$15	\$15	\$15	\$15	-	-	-
Marketing	19	8	11	15	20	24	13	5	1
Payment Processing	11	21	29	39	53	62	35	13	3
Hosting	2	4	5	7	10	12	7	2	1
Cost of Sales	395	674	686	885	1,015	1,132	609	163	55
Gross Profit	(\$181)	(\$273)	(\$139)	(\$142)	(\$11)	\$45	\$47	\$83	\$5
Cumulative Gross Profit	(\$181)	(\$454)	(\$593)	(\$734)	(\$746)	(\$701)	(\$654)	(\$571)	(\$566)
People	\$15	\$19	\$20	\$22	\$23	\$24	-	-	-
Outsourcing	5	5	5	5	5	6	-	-	-
Total Opex	20	24	25	27	28	30	-	-	-
EBIT	(\$201)	(\$296)	(\$164)	(\$168)	(\$40)	\$15	\$47	\$83	\$5
Cumulative EBIT	(\$201)	(\$497)	(\$661)	(\$830)	(\$869)	(\$854)	(\$808)	(\$724)	(\$719)
Tax (Benefit) / Expense ²	(\$30)	(\$65)	(\$36)	(\$37)	(\$9)	\$3	-	-	-
Earnings	(\$171)	(\$231)	(\$128)	(\$131)	(\$31)	\$12	\$47	\$83	\$5
Cumulative Earnings	(\$171)	(\$402)	(\$530)	(\$661)	(\$692)	(\$680)	(\$634)	(\$550)	(\$545)
Assumptions Minimum Guarantees									
Annual MGs Paid ³	\$542	\$495	\$667	\$508	\$469	\$469	-	-	-
Outstanding MG Committed ⁴	\$889	\$1,113	\$1,170	\$1,189	\$1,194	\$712	\$486	\$392	\$399
Blended Recoup	62%	80%	91%	100%	100%	100%	-	-	-
Assumptions Users - Steam Doesn't React									
Monthly Active Users	14	22	30	40	45	50	-	-	-
Implied Revenue / MAU	\$15.25	\$18.22	\$18.24	\$18.60	\$22.30	\$23.54	-	-	-
Total Accounts	28	50	75	90	105	125	-	-	-
Implied Cumm. Cost / New User ⁵	\$7.17	\$9.94	\$8.82	\$9.22	\$8.28	\$6.84	-	-	-

Winding Down Model

Illustrative: Last deal signed in 2024

	2019	2020	2021	2022	2023	2024	Flow from Prior Years		
							2025	2026	2027
All figures in millions, except per user									
P&L									
Signed Deals	\$213	\$375	\$183	\$59	\$21	\$9	\$4	\$0	\$0
Pipeline (Non-Signed Deals)	-	24	396	396	347	347	185	73	17
Free Games	1	2	2	2	3	3	-	-	-
Gross Revenue	\$213	\$401	\$429	\$457	\$422	\$359	\$189	\$74	\$17
Store Royalty (88% Share)	\$208	\$353	\$378	\$403	\$372	\$316	\$166	\$65	\$15
MG True-Up (Reversal) ¹	120	254	88	44	(12)	(57)	(1)	(0)	(0)
Total Revenue Share	328	606	466	447	359	259	165	65	15
Free Game Buyout	\$34	\$34	\$15	\$15	\$10	\$5	-	-	-
Marketing	19	8	9	9	8	7	4	1	0
Payment Processing	11	21	23	24	22	19	10	4	1
Hosting	2	4	4	5	4	4	2	1	0
Cost of Sales	395	674	516	500	404	294	181	71	17
Gross Profit	(\$181)	(\$273)	(\$87)	(\$42)	\$18	\$65	\$8	\$3	\$1
Cumulative Gross Profit	(\$181)	(\$454)	(\$541)	(\$584)	(\$566)	(\$501)	(\$493)	(\$490)	(\$489)
People	\$15	\$19	\$20	\$22	\$23	\$24	-	-	-
Outsourcing	5	5	5	5	5	6	-	-	-
Total Opex	20	24	25	27	28	30	-	-	-
EBIT	(\$201)	(\$296)	(\$112)	(\$69)	(\$10)	\$36	\$8	\$3	\$1
Cumulative EBIT	(\$201)	(\$497)	(\$610)	(\$679)	(\$689)	(\$654)	(\$646)	(\$643)	(\$642)
Tax (Benefit) / Expense ²	(\$30)	(\$65)	(\$25)	(\$15)	(\$2)	\$8	-	-	-
Earnings	(\$171)	(\$231)	(\$88)	(\$54)	(\$8)	\$28	\$8	\$3	\$1
Cumulative Earnings	(\$171)	(\$402)	(\$490)	(\$544)	(\$552)	(\$524)	(\$516)	(\$513)	(\$513)
Assumptions Minimum Guarantees									
Annual MGs Paid ³	\$542	\$495	\$352	\$248	\$80	\$80	-	-	-
Outstanding MG Committed ⁴	\$889	\$799	\$696	\$497	\$400	\$264	\$236	\$236	\$235
Blended Recoup	62%	80%	100%	100%	100%	100%	-	-	-
Assumptions Users - Steam Doesn't React									
Monthly Active Users	14	22	22	20	18	16	-	-	-
Implied Revenue / MAU	\$15.25	\$18.22	\$19.50	\$22.87	\$23.46	\$22.43	-	-	-
Total Accounts	28	50	55	56	57	56	-	-	-
Implied Cumm. Cost / New User ⁵	\$7.17	\$9.94	\$11.08	\$12.12	\$12.09	\$11.27	-	-	-

¹ In 2024 (aggressive) and 2023 (winding down), MG expenses begin reversing itself as the deals become profitable. ² Assumes 15% effective tax rate in 2019 and 22% thereafter, assumes no interest earned on cash. ³ Annual MGs Paid represents total MG for games released in the year. ⁴ Outstanding MG Committed: Balance of signed MGs that is yet to be recouped. Refer to Slide 19 for breakdown. ⁵ Cumulative EBIT / lifetime users.



Revenue Waterfall and Lifetime MG Recoup

Aggressive Pursuit Model

	2019	2020	2021	2022	2023	2024
\$ in Millions						
Signed Deals	\$198	\$367	\$179	\$57	\$20	\$8
Forecast Exclusive Deals	-	\$11	\$279	\$439	\$519	\$545
2019 Pipeline Exclusive	-	-	-	-	-	-
2020 Pipeline Exclusive	-	11	11	4	1	-
2021 Pipeline Exclusive	-	-	268	182	84	28
2022 Pipeline Exclusive	-	-	-	253	166	79
2023 Pipeline Exclusive	-	-	-	-	267	171
2024 Pipeline Exclusive	-	-	-	-	-	267
Forecast Non Exclusive Deals	\$15	\$21	\$87	\$246	\$461	\$620
2019 Pipeline Non-Exclusive	15	8	4	2	1	0
2020 Pipeline Non-Exclusive	-	13	13	8	4	-
2021 Pipeline Non-Exclusive	-	-	70	70	41	20
2022 Pipeline Non-Exclusive	-	-	-	167	194	101
2023 Pipeline Non-Exclusive	-	-	-	-	222	249
2024 Pipeline Non-Exclusive	-	-	-	-	-	250
Free Games	\$1	\$2	\$2	\$2	\$3	\$3
Total Gross Revenue	\$213	\$401	\$547	\$744	\$1,004	\$1,177

Signed Deals Recoup

Annual MGs Paid Signed Deals	\$542	\$444	\$52	\$0	\$0	\$0
Lifetime Revenue Signed Deals	\$336	\$362	\$47	\$0	\$0	\$0
Blended Lifetime Recoup Signed Deals	62%	82%	90%			

Pipeline Deals Recoup

Annual MGs Paid Pipeline Deals		\$52	\$615	\$508	\$469	\$469
Lifetime Revenue Pipeline Deals		\$34	\$562	\$524	\$548	\$548
Blended Lifetime Recoup Pipeline Deals		66%	91%	100%	100%	100%

Consolidated Recoup

Consolidated MGs Paid	\$542	\$495	\$667	\$508	\$469	\$469
Total Lifetime Revenue	\$336	\$396	\$609	\$524	\$548	\$548
Consolidated Blended Lifetime Recoup	62%	80%	91%	100%	100%	100%

100% recoup reflects full recovery of MGs

Winding Down Model

	2019	2020	2021	2022	2023	2024
\$ in Millions						
Signed Deals	\$198	\$367	\$179	\$57	\$20	\$8
Forecast Exclusive Deals	-	\$11	\$164	\$245	\$193	\$154
2019 Pipeline Exclusive	-	-	-	-	-	-
2020 Pipeline Exclusive	-	11	11	4	1	-
2021 Pipeline Exclusive	-	-	153	92	46	15
2022 Pipeline Exclusive	-	-	-	149	89	45
2023 Pipeline Exclusive	-	-	-	-	57	34
2024 Pipeline Exclusive	-	-	-	-	-	60
Forecast Non Exclusive Deals	\$15	\$21	\$84	\$154	\$206	\$194
2019 Pipeline Non-Exclusive	15	8	4	2	1	0
2020 Pipeline Non-Exclusive	-	13	10	5	3	-
2021 Pipeline Non-Exclusive	-	-	70	51	23	11
2022 Pipeline Non-Exclusive	-	-	-	96	76	32
2023 Pipeline Non-Exclusive	-	-	-	-	103	82
2024 Pipeline Non-Exclusive	-	-	-	-	-	68
Free Games	\$1	\$2	\$2	\$2	\$3	\$3
Total Gross Revenue	\$213	\$401	\$429	\$457	\$422	\$359

Signed Deals Recoup

Annual MGs Paid Signed Deals	\$542	\$444	\$52	\$0	\$0	\$0
Lifetime Revenue Signed Deals	\$336	\$362	\$47	\$0	\$0	\$0
Blended Lifetime Recoup Signed Deals	62%	82%	90%			

Pipeline Deals Recoup

Annual MGs Paid Pipeline Deals		\$52	\$300	\$248	\$80	\$80
Lifetime Revenue Pipeline Deals		\$34	\$306	\$297	\$114	\$120
Blended Lifetime Recoup Pipeline Deals		66%	100%	100%	100%	100%

Consolidated Recoup

Consolidated MGs Paid	\$542	\$495	\$352	\$248	\$80	\$80
Total Lifetime Revenue	\$336	\$396	\$353	\$297	\$114	\$120
Consolidated Blended Lifetime Recoup	62%	80%	100%	100%	100%	100%

100% recoup reflects full recovery of MGs



Outstanding MG Commitment & Cash Flow

Aggressive Pursuit Model

Outstanding MG Commitment

							Flow from Prior Years		
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Beginning MG Commitment	-	\$889	\$1,113	\$1,170	\$1,189	\$1,194	\$712	\$466	\$392
MG Signed	1,085	666	508	469	469	-	-	-	-
Estimated Recoup	(172)	(304)	(364)	(413)	(464)	(482)	(246)	(74)	(3)
MG write-off	(24)	(137)	(88)	(36)	-	-	-	-	-
Outstanding MG Commitment	\$889	\$1,113	\$1,170	\$1,189	\$1,194	\$712	\$466	\$392	\$389

Cash Flow

							Flow from Prior Years		
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Cash	-	(\$465)	(\$677)	(\$701)	(\$830)	(\$869)	(\$854)	(\$808)	(\$724)
EBIT	(201)	(296)	(164)	(168)	(40)	15	47	83	5
Prepaid MG	(264)	84	140	40	-	-	-	-	-
Net Δ in Cash	(465)	(212)	(24)	(129)	(40)	15	47	83	5
Cumulative Cash Balance	(\$465)	(\$677)	(\$701)	(\$830)	(\$869)	(\$854)	(\$808)	(\$724)	(\$719)

Winding Down Model

							Flow from Prior Years		
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Beginning MG Commitment	-	\$889	\$799	\$696	\$497	\$400	\$264	\$236	\$235
MG Signed	1,085	352	248	80	80	-	-	-	-
Estimated Recoup	(172)	(304)	(263)	(242)	(177)	(137)	(28)	(0)	(0)
MG write-off	(24)	(137)	(88)	(36)	-	-	-	-	-
Outstanding MG Commitment	\$889	\$799	\$696	\$497	\$400	\$264	\$236	\$235	\$235

							Flow from Prior Years		
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Cash	-	(\$465)	(\$677)	(\$649)	(\$679)	(\$689)	(\$654)	(\$646)	(\$643)
EBIT	(201)	(296)	(112)	(69)	(10)	36	8	3	1
Prepaid MG	(264)	84	140	40	-	-	-	-	-
Net Δ in Cash	(465)	(212)	28	(30)	(10)	36	8	3	1
Cumulative Cash Balance	(\$465)	(\$677)	(\$649)	(\$679)	(\$689)	(\$654)	(\$646)	(\$643)	(\$642)

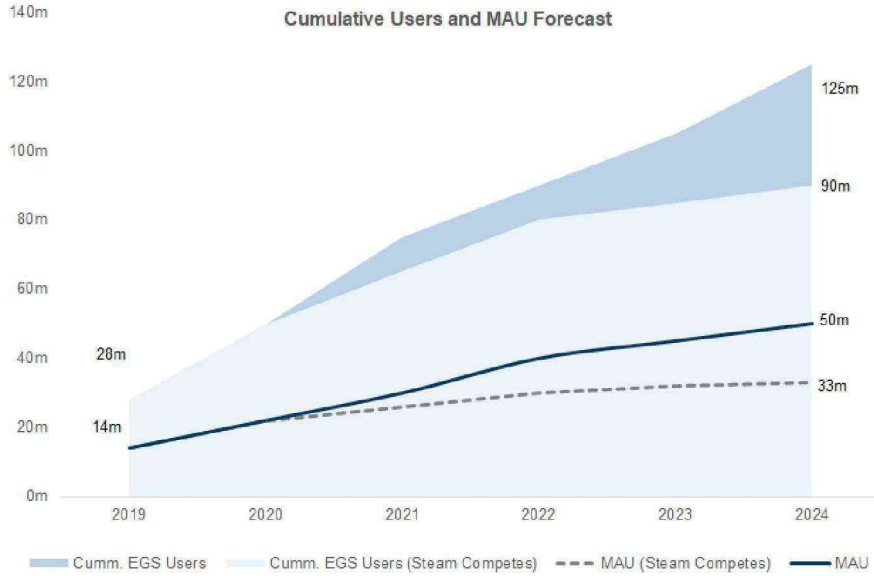
Note: MG deals are assumed to be signed one year prior to payment and launch.



User Growth

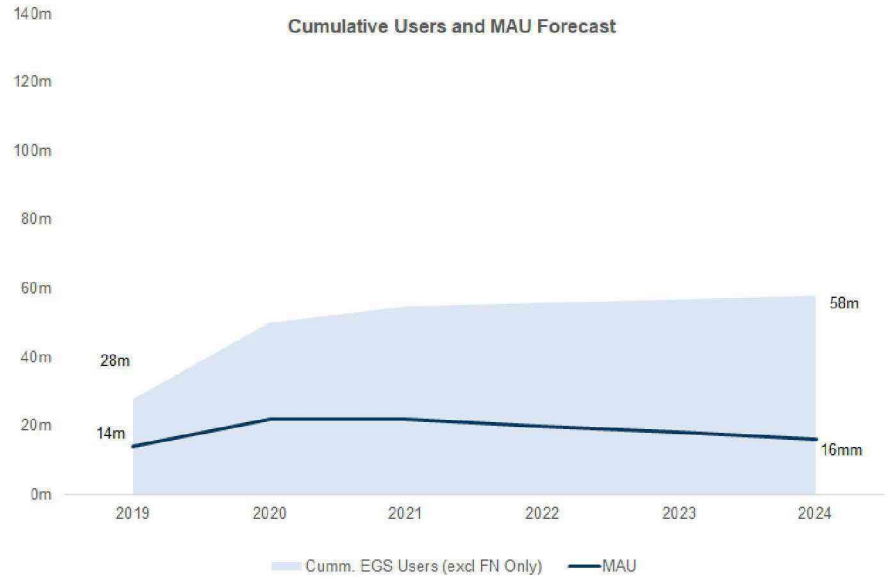
Aggressive Pursuit Model

Cumulative Users and MAU Forecast



Winding Down Model

Cumulative Users and MAU Forecast

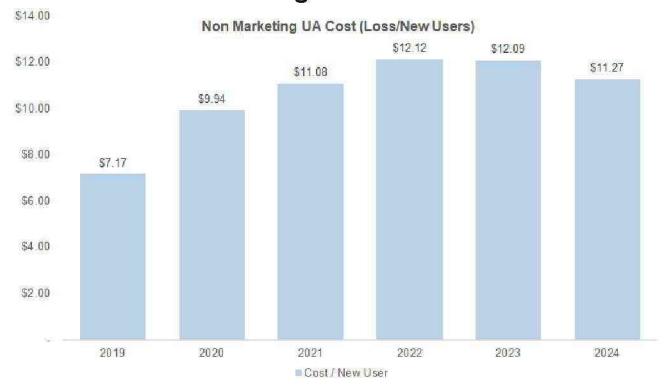


User Lifetime Value of Major Ecosystems










Aggressive Pursuit Model



Winding Down Model



(data as of 10/2/2019)

Company	TEV (\$b)	MAUs (mm)	User Type	TEV / MAU (\$)	MARPU (\$)
 Facebook	\$465.1	2414	Social Only - MAU	\$192.65	\$2.16
 Tencent 腾讯	\$407.1	1133	Social - MAU	\$359.34	\$1.26
 NETFLIX	\$130.6	152	Video - Subs	\$861.54	\$9.51
 ACTIVISION®	\$39.1	327	Gaming - MAU	\$119.58	\$1.78
 Twitter	\$28.4	330	Social - MAU	\$86.07	\$0.90
 Snapchat	\$20.3	203	Social - DAU	\$100.10	\$0.57
 EPIC GAMES	\$12.6	78	Fortnite - MAU	\$160.65	\$4.05
 新浪微博 weibo.com	\$9.4	486	Social - MAU	\$19.39	\$0.31
 Steam	Private	90	Steam - MAU	N/A	\$2.96

Note: Epic's MAUs and MARPUs as of August 2018 (last available data to investors in 2018's financing)
Tencent MARPU includes Social Networks revenue from VAS and Online Advertising