Unreal Engine is now royalty-free until a game makes a whopping $1 mill

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Since the rise of *Fortnite* as a popular game and Unreal Engine 4 as a popular game-making toolkit, Epic Games, the studio behind both, has been keen to capitalize on this momentum. That has included an aggressive push to lock down game makers in its ecosystem, and Tuesday saw Epic announce its most generous developer-specific offer yet: a massive increase to its "royalty-free" grace period.

As of today, any game or software maker who uses Unreal Engine for commercial purposes doesn't owe Epic Games a penny until a single piece of software exceeds *one meeeeeeellion dollars* ($1,000,000) in gross revenue. This is on top of the company's existing policy to not charge Unreal Engine users a monthly fee, whether they're using the software suite for commercial or educational purposes.

Previously, Epic offered a royalty-free grace period for a game or app's first $50,000 of revenue, then began requiring payment of 5 percent of the software's "worldwide gross revenue" from that point on, including DLC, crowd-sourced fundraising related to the software, and other related revenue

streams. That 5 percent fee still applies, but it now leaves game makers unaffected until a $1 million threshold is hit.

Today's news applies no matter where you launch an Unreal Engine-developed game—Steam, Epic Games Store, Humble, console storefronts, et al. And this doesn't change an existing perk for games published at EGS: that Unreal Engine's 5 percent fee is waived in that case. As Ars' Kyle Orland has previously reported, thanks to combined, existing promotions, an Unreal Engine game's launch on EGS can garner a whopping 23 percent more revenue after fees than on Steam. Today's news doesn't change that.

Hence, today's royalty promotion may have its sights set less on Windows/Mac developers and more firmly on indie game teams who have begun eyeing the next generation of pricey consoles. As we've now seen, Unreal Engine 5's handsome new features, slated to launch in 2021, appear to target the processing boons expected on systems like PlayStation 5 and Xbox Series X. (The existing Unreal Engine 4 toolset will also receive updates with new consoles in mind, as will cross-platform APIs like DirectX 12 Ultimate.)

Retroactive perk—and reminders on Unity, Oculus

Did your new Unreal Engine game or app already launch as far back as January 1, 2020? Epic Games has good news for you: this $1 million-revenue grace period has been retroactively extended to your product automatically.

Speaking of January: Epic's Wednesday news follows a decision by Unreal's largest 3D-engine rival, Unity, to increase the cost of its paid subscription tiers as of the beginning of this year, though those subscription plans include a complete waiving of required royalty payments no matter how much gross revenue a game makes (with the exception of Unity's nebulous

“Enterprise” tier, whose prices are determined on a case-by-case basis).

Today’s update is a reminder that Epic is still maintaining its cozy relationship with the Oculus Store, as any Oculus-exclusive games or apps made with Unreal Engine still enjoy a royalty-free grace period to the tune of $5 million. When this initiative was announced in 2016, Facebook confirmed that it would foot the royalty bill up until the $5 million threshold, and it’s unclear whether today’s news means Facebook will owe Epic Games less money for big VR earners.

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