

# Schmalensee Expert Rebuttal Report - Exhibit 2: Operating Profit Margins of Publicly-Traded Companies that Operate Digital Distribution Platforms as Listed in Exhibit 1 2017–2020

Company Name	Platform(s)	Net Assets (\$ millions)	Market Cap. (\$ millions)	Operating Profit Margin %			
				FY 2017	FY 2018	FY 2019	FY 2020
Samsung Electronics Co., Ltd.	Galaxy Store	253,566	487,542	22.4	24.2	12.1	15.2
Alphabet Inc.	Google Play	222,544	1,385,885	26.1	23.8	22.5	22.6
Microsoft Corporation	Microsoft Store, Bethesda.net	130,236	1,778,077	30.4	31.8	34.1	37.0
Facebook, Inc.	Oculus	128,290	764,315	49.7	44.6	41.0	38.0
Amazon.com, Inc.	Amazon Appstore	93,404	1,555,758	2.3	5.3	5.1	5.9
Apple Inc.	Apple App Store, Mac App Store	66,224	2,031,863	26.8	26.7	24.6	24.1
Sony Corporation	PlayStation Store	52,723	128,602	5.8	8.7	9.8	10.4
Nintendo Co., Ltd.	Nintendo eShop, Nintendo Wii Shop Channel	16,823	66,283	6.0	16.8	20.8	26.9
LG Electronics Inc.	LG SmartWorld	16,119	22,913	4.0	4.4	3.9	5.1
Activision Blizzard, Inc.	Battle.net	15,037	72,079	18.9	26.6	26.9	35.0
Electronic Arts Inc.	Origin	7,963	37,532	25.6	27.8	20.4	26.2
Aristocrat Leisure Limited	Big Fish Games	2,280	17,082	31.8	26.1	25.0	12.7
BlackBerry Limited	BlackBerry World	1,803	6,703	-12.5	-11.4	-4.8	-16.3
Ubisoft Entertainment SA	Ubisoft Connect	1,788	9,609	13.8	15.0	11.3	2.6
H2 Global, Inc.	Humble Bundle	1,211	5,417	22.2	21.8	20.7	23.7
HTC Corporation	VTVEPORT	1,071	833	-28.1	-58.8	-98.4	-121.5
Opera Limited	Opera Mobile Store	1,047	1,383	6.2	26.6	22.4	0.1
Modern Times Group Mgt AB	Kongregate, Kartridge	635	1,360	7.5	-4.2	-3.7	1.9
CD Projekt S.A.	GOG.com	280	5,945	51.9	31.0	37.5	44.7
RealNetworks, Inc.	RealArcade	46	201	-23.0	-30.0	-15.9	-16.3
Epic Games	Epic Games Store	2,696	N/A	28.5	59.9	30.0	15.0

United States District Court  
Northern District of California

Case No. 4:20-cv-05640-YGR  
Case Title *Epic Games, Inc. v. Apple, Inc.*  
Exhibit No. DX-4861  
Date Entered \_\_\_\_\_  
By: Susan Y. Soong, Clerk  
\_\_\_\_\_, Deputy Clerk

## Notes:

- [1] Operating profit margin is calculated as the operating income divided by the total revenue of a company for a given fiscal year. Operating income is Revenue - Cost of Goods - Operating Expenses. Operating expenses typically include selling, general and administrative expenses (e.g., marketing, rent, legal costs, etc.) as well as research and development expenses.
- [2] Balance sheet and market data are based on most recent financial statements and closing price as of March 12, 2021. All amounts are reported in U.S. Dollars.
- [3] Operating profit margins for HTC Corporation and CD Projekt S.A. in fiscal year 2020 are estimated using each company's operating income and revenue for the 12 months ending September 30, 2020. HTC Corporation and CD Projekt S.A.'s fiscal years end December 31. Operating profit margin for Epic Games in fiscal year 2020 is based on Q1 only. All other profit margins are based on each company's fiscal year.
- [4] Epic Games is not publicly traded and financial information is not publicly disclosed; it is included for reference. Starting in 2018, Epic began reporting revenue as grossed rather than net of fees. Before 2018, \$100 of sales on which \$30 of commissions were paid would have been reported as \$70 in net revenue. Starting in 2018, the same sales and commissions would have been recorded separately as \$100 of gross revenue and \$30 of costs. Net assets for Epic in 2020 are based on first quarter balances ending March 31, 2020.
- [5] Companies in Exhibit 1 that are not included in this table are either private or do not operate an online store as of March 14, 2021. Nintendo Wii Shop Channel was discontinued in 2019. Kartridge and Epic Games Store were introduced in 2018. Xbox Live Marketplace, Windows Phone Store, and Windows Store merged and were rebranded as Microsoft Store in 2017.