



Electronic Arts Reports Q1 FY20 Financial Results

REDWOOD CITY, CA – July 30, 2019 – [Electronic Arts Inc.](http://www.ea.com) (NASDAQ: EA) today announced preliminary financial results for its first fiscal quarter ended June 30, 2019.

“We had a strong start to FY20, bringing rich new experiences to our growing communities for Apex Legends, EA SPORTS, The Sims and more,” said CEO Andrew Wilson. “From great new games to live services with longevity, subscriptions on more platforms and competitive gaming for more franchises, we’re pushing to lead with innovation, quality and choice for our players.”

“We delivered operating results significantly above our expectations, driven by broad strength across our core franchises. This quarter shows how the power of our portfolio strategy, combined with live services, delivers strong results,” said COO and CFO Blake Jorgensen. “We believe we have the right ingredients in place to deliver fun for our players and success for our business.”

News and ongoing updates regarding EA and its games are available on EA’s blog at www.ea.com/news.

Selected Operating Highlights and Metrics

- Digital net bookings* for the trailing twelve months was \$3.730 billion, up 5% year-over-year and represents 76% of total net bookings.
- During the quarter, FIFA Ultimate Team™ had more than three million players logging in daily during the Team of the Season in-game event.
- During the quarter, The Sims 4™ expansion packs and game pack downloads increased 55% year-over-year.
- At quarter end, *Star Wars*™: Galaxy of Heroes had nearly 80 million players life-to-date.
- Season 2 in Apex Legends™ began on July 2.
- On July 24, EA Access launched on PlayStation® 4.

** Net bookings is defined as the net amount of products and services sold digitally or sold-in physically in the period. Net bookings is calculated by adding total net revenue to the change in deferred net revenue for online-enabled games and mobile platform fees.*

Selected Financial Highlights and Metrics

- Net cash provided by operating activities was \$158 million for the quarter and \$1.585 billion for the trailing twelve months.
- EA repurchased 3.2 million shares for \$305 million during the quarter, bringing the total to 11.9 million shares for \$1.197 billion during the trailing twelve months.

Impact of Certain Tax Matters

During the three months ended June 30, 2019, three separate tax events occurred:

1. EA completed an internal transfer of some of its intellectual property rights to its Swiss subsidiary, where EA's international business is headquartered;
2. A decision by the Ninth Circuit Court of Appeals in *Altera Corp. v. Commissioner* regarding stock-based compensation expenses required EA to record a tax accrual; and
3. A referendum was passed in Switzerland, which will change the Swiss income tax rates once enacted.

As a result of these events, EA expects to recognize an income tax benefit of \$1.700 billion, or \$5.61 of earnings per share, during the fiscal year ending March 31, 2020. EA recognized \$1.080 billion of this income tax benefit during the three months ended June 30, 2019 and expects to recognize the remaining \$620 million once the referendum is enacted, which we expect during the three months ending September 30, 2019.

Quarterly Financial Highlights

| | Three Months Ended June 30, | |
|--|--------------------------------|--------------|
| | 2019 | 2018 |
| (in \$ millions, except per share amounts) | | |
| Digital net revenue | 1,049 | 957 |
| Packaged goods and other net revenue | 160 | 180 |
| Total net revenue | <u>1,209</u> | <u>1,137</u> |
| Net income | 1,421* | 293 |
| Diluted earnings per share | 4.75* | 0.95 |
| Operating cash flow | 158 | 120 |
| Value of shares repurchased | 305 | 300 |
| Number of shares repurchased | 3.2 | 2.3 |

*Refer to the above section titled "Impact of Certain Tax Matters" for additional details.

The following GAAP-based financial data and tax rate of 18% was used internally by company management to adjust its GAAP results in order to assess EA's operating results:

| | Three Months Ended June 30, 2019 | | | | |
|---|----------------------------------|-------------------------------------|---|----------------------------|-----------------------------|
| | GAAP-Based Financial Data | | | | |
| | Statement of Operations | Acquisition- related expenses | Change in deferred net revenue (online- enabled games) | Mobile platform fees | Stock-based compensation |
| (in \$ millions) | | | | | |
| Total net revenue | 1,209 | - | (427) | (39) | - |
| Cost of revenue | 187 | (2) | - | (39) | (1) |
| Gross profit | 1,022 | 2 | (427) | - | 1 |
| Total operating expenses | 607 | (6) | - | - | (72) |
| Operating income | 415 | 8 | (427) | - | 73 |
| Interest and other income, net | 21 | - | - | - | - |
| Income before provision for (benefit from) income taxes | 436 | 8 | (427) | - | 73 |
| Number of shares used in computation: | | | | | |
| Diluted | 299 | | | | |

For more information about the nature of the GAAP-based financial data, please refer to EA's Form 10-K for the fiscal year ended March 31, 2019.

Trailing Twelve Months Financial Highlights

| | Twelve Months Ended June 30, | |
|--------------------------------------|---|---------------|
| | 2019 | 2018 |
| <i>(in \$ millions)</i> | | |
| Digital net revenue | 3,802 | 3,528 |
| Packaged goods and other net revenue | 1,220 | 1,310 |
| Total net revenue | <u>5,022</u> | <u>4,838*</u> |
| Net income | 2,147** | 692 |
| Operating cash flow | 1,585 | 1,636 |
| Value of shares repurchased | 1,197 | 751 |
| Number of shares repurchased | 11.9 | 6.2 |

*EA adopted FASB ASU 2014-09 (Topic 606), Revenue from Contracts with Customers on April 1, 2018. For more information about the adoption of Topic 606 please refer to the Investor Accounting FAQ on our IR website and our SEC filings. Financial data from prior periods has not been restated.

**Refer to the above section titled "Impact of Certain Tax Matters" for additional details.

The following GAAP-based financial data and tax rate of 18% was used internally by company management to adjust its GAAP results in order to assess EA's operating results:

| | Twelve Months Ended June 30, 2019 | | | | |
|---|--|---|--|-------------------------------------|-------------------------------------|
| | GAAP-Based Financial Data | | | | |
| | | Change in deferred net revenue | | | |
| <i>(in \$ millions)</i> | Statement of Operations | Acquisition- related expenses | (online- enabled games) | Mobile platform fees | Stock-based compensation |
| Total net revenue | 5,022 | - | 94 | (178) | - |
| Cost of revenue | 1,294 | (5) | - | (178) | (4) |
| Gross profit | 3,728 | 5 | 94 | - | 4 |
| Total operating expenses | 2,617 | (37) | - | - | (283) |
| Operating income | 1,111 | 42 | 94 | - | 287 |
| Interest and other income, net | 85 | - | - | - | - |
| Income before provision for (benefit from) income taxes | 1,196 | 42 | 94 | - | 287 |

For more information about the nature of the GAAP-based financial data, please refer to EA's Form 10-K for the fiscal year ended March 31, 2019.

Operating Metric

The following is a calculation of our total net bookings for the periods presented:

| | Three Months Ended June 30, | | Twelve Months Ended June 30, | |
|---|--|-------------|---|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| <i>(in \$ millions)</i> | | | | |
| Total net revenue | 1,209 | 1,137 | 5,022 | 4,838 |
| Change in deferred net revenue (online-enabled games) | (427) | (339) | 94 | 365 |
| Mobile platform fees | (39) | (49) | (178) | (49) |
| Net bookings | <u>743</u> | <u>749</u> | <u>4,938</u> | <u>5,154</u> |

Business Outlook as of July 30, 2019

The following forward-looking statements reflect expectations as of July 30, 2019. Electronic Arts assumes no obligation to update these statements. Results may be materially different and are affected by many factors detailed in this release and in EA's annual and quarterly SEC filings.

Fiscal Year 2020 Expectations – Ending March 31, 2020

Financial metrics:

- Net revenue is expected to be approximately \$5.375 billion.
 - Change in deferred net revenue (online-enabled games) is expected to be approximately \$(125) million.
 - Mobile platform fees are expected to be approximately \$(150) million.
- Net income is expected to be approximately \$2.795 billion, approximately \$1.700 billion of which is related to the income tax benefits discussed above.
- Diluted earnings per share is expected to be approximately \$9.22, approximately \$5.61 of which is related to the income tax benefits discussed above.
- Operating cash flow is expected to be approximately \$1.575 billion.
- The Company estimates a share count of 303 million for purposes of calculating fiscal year 2020 diluted earnings per share.

Operational metric:

- Net bookings is expected to be approximately \$5.100 billion.

In addition, the following outlook for GAAP-based financial data and a long-term tax rate of 18% are used internally by EA to adjust our GAAP expectations to assess EA's operating results and plan for future periods:

| | Twelve Months Ending March 31, 2020 | | | | |
|---|-------------------------------------|-------------------------------------|---|-------------------------|-----------------------------|
| | GAAP-Based Financial Data | | | | |
| | | | Change in deferred net revenue (online- enabled games) | Mobile platform fees | Stock-based compensation |
| | GAAP Guidance | Acquisition- related expenses | | | |
| (in \$ millions) | | | | | |
| Digital net revenue | 4,175 | - | (75) | (150) | - |
| Packaged goods & other net revenue | 1,200 | - | (50) | - | - |
| Total net revenue | 5,375 | - | (125) | (150) | - |
| Cost of revenue | 1,327 | (12) | - | (150) | (2) |
| Operating expense | 2,746 | (23) | - | - | (353) |
| Income before provision for (benefit from) income taxes | 1,361 | 35 | (125) | - | 355 |
| Net income | 2,795 | | | | |
| Number of shares used in computation: | | | | | |
| Diluted shares | 303 | | | | |

Second Quarter Fiscal Year 2020 Expectations – Ending September 30, 2019

Financial metrics:

- Net revenue is expected to be approximately \$1.315 billion.
 - Change in deferred net revenue (online-enabled games) is expected to be approximately \$(50) million.
 - Mobile platform fees are expected to be approximately \$(35) million.
- Net income is expected to be approximately \$776 million, approximately \$620 million of which is related to the income tax benefits discussed above.
- Diluted earnings per share is expected to be approximately \$2.60, approximately \$2.08 of which is related to the income tax benefits discussed above.
- The Company estimates a share count of 298 million for purposes of calculating second quarter fiscal year 2020 diluted earnings per share.

Operational metric:

- Net bookings is expected to be approximately \$1.230 billion.

In addition, the following outlook for GAAP-based financial data and a long-term tax rate of 18% are used internally by EA to adjust our GAAP expectations to assess EA's operating results and plan for future periods:

| | Three Months Ending September 30, 2019 | | | | |
|---|--|-----------------|-------------------------|-----------------|---------------------|
| | GAAP-Based Financial Data | | | | |
| | GAAP | Acquisition- | Change in | Mobile | Stock-based |
| | <u>Guidance</u> | <u>related</u> | <u>deferred net</u> | <u>platform</u> | <u>compensation</u> |
| | | <u>expenses</u> | <u>revenue (online-</u> | <u>fees</u> | |
| | | | <u>enabled games)</u> | | |
| (in \$ millions) | | | | | |
| Total net revenue | 1,315 | - | (50) | (35) | - |
| Cost of revenue | 407 | (2) | - | (35) | (1) |
| Operating expense | 679 | (5) | - | - | (89) |
| Income before provision for (benefit from) income taxes | 243 | 7 | (50) | - | 90 |
| Net income | 776 | | | | |
| Number of shares used in computation: | | | | | |
| Diluted shares | 298 | | | | |

For more information about the nature of the GAAP-based financial data, please refer to EA's Form 10-K for the fiscal year ended March 31, 2019.

Conference Call and Supporting Documents

Electronic Arts will host a conference call on July 30, 2019 at 2:00 pm PT (5:00 pm ET) to review its results for the first fiscal quarter ended June 30, 2019 and its outlook for the future. During the course of the call, Electronic Arts may disclose material developments affecting its business and/or financial performance. Listeners may access the conference call live through the following

dial-in number (866) 393-4306 (domestic) or (734) 385-2616 (international), using the conference code 9998462 or via webcast at EA's IR Website at <http://ir.ea.com>.

EA has posted a slide presentation with a financial model of EA's historical results and guidance and an Investor Accounting FAQ document on EA's IR Website. EA will also post the prepared remarks and a transcript from the conference call on EA's IR Website.

A dial-in replay of the conference call will be available until August 13, 2019 at 855-859-2056 (domestic) or 404-537-3406 (international) using pin code 9998462. An audio webcast replay of the conference call will be available for one year on EA's IR Website.

Forward-Looking Statements

Some statements set forth in this release, including the information relating to EA's fiscal 2020 expectations under the heading "Business Outlook as of July 30, 2019," and other information regarding EA's fiscal 2020 expectations contain forward-looking statements that are subject to change. Statements including words such as "anticipate," "believe," "expect," "intend," "estimate," "plan," "predict," "seek," "goal," "will," "may," "likely," "should," "could" (and the negative of any of these terms), "future" and similar expressions also identify forward-looking statements. These forward-looking statements are not guarantees of future performance and reflect management's current expectations. Our actual results could differ materially from those discussed in the forward-looking statements.

Some of the factors which could cause the Company's results to differ materially from its expectations include the following: sales of the Company's products and services; the Company's ability to develop and support digital products and services, including managing online security and privacy; outages of our products, services and technological infrastructure; the Company's ability to manage expenses; the competition in the interactive entertainment industry; governmental regulations; the effectiveness of the Company's sales and marketing programs; timely development and release of the Company's products and services; the Company's ability to realize the anticipated benefits of acquisitions; the consumer demand for, and the availability of an adequate supply of console hardware units; the Company's ability to predict consumer preferences among competing platforms; the Company's ability to develop and implement new technology; foreign currency exchange rate fluctuations; general economic conditions; changes in our tax rates or tax laws; and other factors described in Part I, Item 1A of Electronic Arts' latest Annual Report on Form 10-K under the heading "Risk Factors", as well as in other documents we have filed with the Securities and Exchange Commission.

These forward-looking statements are current as of July 30, 2019. Electronic Arts assumes no obligation to revise or update any forward-looking statement for any reason, except as required by law. In addition, the preliminary financial results set forth in this release are estimates based on information currently available to Electronic Arts.

While Electronic Arts believes these estimates are meaningful, they could differ from the actual amounts that Electronic Arts ultimately reports in its Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2019. Electronic Arts assumes no obligation and does not intend to update these estimates prior to filing its Form 10-Q for the fiscal quarter ended June 30, 2019.

About Electronic Arts

Electronic Arts (NASDAQ: EA) is a global leader in digital interactive entertainment. The Company develops and delivers games, content and online services for Internet-connected consoles, mobile devices and personal computers.

In fiscal year 2019, EA posted GAAP net revenue of \$4.95 billion. Headquartered in Redwood City, California, EA is recognized for a portfolio of critically acclaimed, high-quality brands such as EA SPORTS™ FIFA, Battlefield™, Apex Legends™, The Sims™, Madden NFL, Need for Speed™, Titanfall™ and Plants vs. Zombies™. More information about EA is available at www.ea.com/news.

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ELECTRONIC ARTS INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Operations
(in \$ millions, except per share data)

| | Three Months Ended June 30, | |
|---|--------------------------------|--------------|
| | 2019 | 2018 |
| Net revenue | | |
| Product | 166 | 202 |
| Service and other | 1,043 | 935 |
| Total net revenue | 1,209 | 1,137 |
| Cost of revenue | | |
| Product | 35 | 68 |
| Service and other | 152 | 147 |
| Total cost of revenue | 187 | 215 |
| Gross profit | 1,022 | 922 |
| Operating expenses: | | |
| Research and development | 381 | 362 |
| Marketing and sales | 110 | 140 |
| General and administrative | 110 | 114 |
| Acquisition-related contingent consideration | 1 | — |
| Amortization of intangibles | 5 | 6 |
| Total operating expenses | 607 | 622 |
| Operating income | 415 | 300 |
| Interest and other income (expense), net | 21 | 19 |
| Income before provision for (benefit from) income taxes | 436 | 319 |
| Provision for (benefit from) income taxes | (985) | 26 |
| Net income | 1,421 | 293 |
| Earnings per share | | |
| Basic | 4.78 | 0.96 |
| Diluted | 4.75 | 0.95 |
| Number of shares used in computation | | |
| Basic | 297 | 306 |
| Diluted | 299 | 310 |

Results (in \$ millions, except per share data)

The following table reports the variance of the actuals versus our guidance provided on May 7, 2019 for the three months ended June 30, 2019 plus a comparison to the actuals for the three months ended June 30, 2018.

| | Three Months Ended June 30, | | | |
|---|------------------------------------|-----------------|----------------|----------------|
| | 2019 | | 2019 | 2018 |
| | Guidance | Variance | Actuals | Actuals |
| Net revenue | | | | |
| Net revenue | 1,130 | 79 | 1,209 | 1,137 |
| GAAP-based financial data | | | | |
| Change in deferred net revenue (online-enabled games) | (405) | (22) | (427) | (339) |
| Mobile platform fees | (35) | (4) | (39) | (49) |
| Cost of revenue | | | | |
| Cost of revenue | 188 | (1) | 187 | 215 |
| GAAP-based financial data | | | | |
| Acquisition-related expenses | (2) | — | (2) | (1) |
| Stock-based compensation | — | (1) | (1) | (1) |
| Mobile platform fees | (35) | (4) | (39) | (49) |
| Operating expenses | | | | |
| Operating expenses | 650 | (43) | 607 | 622 |
| GAAP-based financial data | | | | |
| Acquisition-related expenses | (5) | (1) | (6) | (6) |
| Stock-based compensation | (70) | (2) | (72) | (69) |
| Income before tax | | | | |
| Income before tax | 310 | 126 | 436 | 319 |
| GAAP-based financial data | | | | |
| Acquisition-related expenses | 7 | 1 | 8 | 7 |
| Change in deferred net revenue (online-enabled games) | (405) | (22) | (427) | (339) |
| Mobile platform fees | — | — | — | — |
| Stock-based compensation | 70 | 3 | 73 | 70 |
| Tax rate used for management reporting | 18% | | 18% | 18% |
| Earnings per share | | | | |
| Basic | 5.90 | (1.12) | 4.78 | 0.96 |
| Diluted | 5.84 | (1.09) | 4.75 | 0.95 |
| Number of shares | | | | |
| Basic | 299 | (2) | 297 | 306 |
| Diluted | 302 | (3) | 299 | 310 |

ELECTRONIC ARTS INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Balance Sheets
(in \$ millions)

| | June 30, 2019 | March 31, 2019 ¹ |
|---|---------------|-----------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | 3,533 | 4,708 |
| Short-term investments | 1,654 | 737 |
| Receivables, net | 329 | 623 |
| Other current assets | 284 | 313 |
| Total current assets | 5,800 | 6,381 |
| Property and equipment, net | 446 | 448 |
| Goodwill | 1,892 | 1,892 |
| Acquisition-related intangibles, net | 80 | 87 |
| Deferred income taxes, net | 1,208 | 35 |
| Other assets | 323 | 114 |
| TOTAL ASSETS | 9,749 | 8,957 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | 56 | 113 |
| Accrued and other current liabilities | 915 | 1,052 |
| Deferred net revenue (online-enabled games) | 679 | 1,100 |
| Total current liabilities | 1,650 | 2,265 |
| Senior notes, net | 995 | 994 |
| Income tax obligations | 345 | 233 |
| Deferred income taxes, net | 2 | 2 |
| Other liabilities | 272 | 132 |
| Total liabilities | 3,264 | 3,626 |
| Stockholders' equity: | | |
| Common stock | 3 | 3 |
| Retained earnings | 6,499 | 5,358 |
| Accumulated other comprehensive loss | (17) | (30) |
| Total stockholders' equity | 6,485 | 5,331 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | 9,749 | 8,957 |

¹Derived from audited consolidated financial statements.

ELECTRONIC ARTS INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Cash Flows
(in \$ millions)

| | Three Months Ended June 30, | |
|---|--------------------------------|--------------|
| | 2019 | 2018 |
| OPERATING ACTIVITIES | | |
| Net income | 1,421 | 293 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation, amortization and accretion | 37 | 38 |
| Stock-based compensation | 73 | 70 |
| Change in assets and liabilities | | |
| Receivables, net | 294 | 169 |
| Other assets | 24 | 48 |
| Accounts payable | (40) | 8 |
| Accrued and other liabilities | (56) | (85) |
| Deferred income taxes, net | (1,174) | (74) |
| Deferred net revenue (online-enabled games) | (421) | (347) |
| Net cash provided by operating activities | 158 | 120 |
| INVESTING ACTIVITIES | | |
| Capital expenditures | (45) | (32) |
| Proceeds from maturities and sales of short-term investments | 358 | 207 |
| Purchase of short-term investments | (1,263) | (228) |
| Acquisitions, net of cash acquired | — | (50) |
| Net cash used in investing activities | (950) | (103) |
| FINANCING ACTIVITIES | | |
| Proceeds from issuance of common stock | 3 | 1 |
| Cash paid to taxing authorities for shares withheld from employees | (51) | (89) |
| Repurchase and retirement of common stock | (305) | (300) |
| Payment of contingent consideration | (32) | — |
| Net cash used in financing activities | (385) | (388) |
| Effect of foreign exchange on cash and cash equivalents | 2 | (11) |
| Change in cash and cash equivalents | (1,175) | (382) |
| Beginning cash and cash equivalents | 4,708 | 4,258 |
| Ending cash and cash equivalents | 3,533 | 3,876 |

ELECTRONIC ARTS INC. AND SUBSIDIARIES
Unaudited Supplemental Financial Information and Business Metrics
(in \$ millions, except per share data)

| | Q1 FY19 | Q2 FY19 | Q3 FY19 | Q4 FY19 | Q1 FY20 | YOY % Change |
|--|--------------|--------------|--------------|--------------|--------------|-----------------|
| Net revenue | | | | | | |
| Net revenue | 1,137 | 1,286 | 1,289 | 1,238 | 1,209 | 6% |
| GAAP-based financial data | | | | | | |
| Change in deferred net revenue (online-enabled games) ² | (339) | (20) | 368 | 173 | (427) | |
| Mobile platform fees | (49) | (44) | (48) | (47) | (39) | |
| Gross profit | | | | | | |
| Gross profit | 922 | 868 | 876 | 962 | 1,022 | 11% |
| <i>Gross profit (as a % of net revenue)</i> | <i>81%</i> | <i>67%</i> | <i>68%</i> | <i>78%</i> | <i>85%</i> | |
| GAAP-based financial data | | | | | | |
| Acquisition-related expenses | 1 | 1 | 1 | 1 | 2 | |
| Change in deferred net revenue (online-enabled games) ² | (339) | (20) | 368 | 173 | (427) | |
| Mobile platform fees | — | — | — | — | — | |
| Stock-based compensation | 1 | 1 | 1 | 1 | 1 | |
| Operating income | | | | | | |
| Operating income | 300 | 258 | 242 | 196 | 415 | 38% |
| <i>Operating income (as a % of net revenue)</i> | <i>26%</i> | <i>20%</i> | <i>19%</i> | <i>16%</i> | <i>34%</i> | |
| GAAP-based financial data | | | | | | |
| Acquisition-related expenses | 7 | 9 | 8 | 17 | 8 | |
| Change in deferred net revenue (online-enabled games) ² | (339) | (20) | 368 | 173 | (427) | |
| Stock-based compensation | 70 | 66 | 75 | 73 | 73 | |
| Net income | | | | | | |
| Net income | 293 | 255 | 262 | 209 | 1,421 | 385% |
| <i>Net income (as a % of net revenue)</i> | <i>26%</i> | <i>20%</i> | <i>20%</i> | <i>17%</i> | <i>118%</i> | |
| GAAP-based financial data | | | | | | |
| Acquisition-related expenses | 7 | 9 | 8 | 17 | 8 | |
| Change in deferred net revenue (online-enabled games) ² | (339) | (20) | 368 | 173 | (427) | |
| Stock-based compensation | 70 | 66 | 75 | 73 | 73 | |
| Tax rate used for management reporting | 18% | 18% | 18% | 18% | 18% | |
| Diluted earnings per share | 0.95 | 0.83 | 0.86 | 0.69 | 4.75 | 400% |
| Number of diluted shares used in computation | | | | | | |
| Basic | 306 | 305 | 302 | 299 | 297 | |
| Diluted | 310 | 307 | 304 | 301 | 299 | |

²The change in deferred net revenue (online-enabled games) in the unaudited condensed consolidated statements of cash flows does not necessarily equal the change in deferred net revenue (online-enabled games) in the unaudited condensed consolidated statements of operations primarily due to the impact of unrecognized gains/losses on cash flow hedges.

ELECTRONIC ARTS INC. AND SUBSIDIARIES
Unaudited Supplemental Financial Information and Business Metrics
(in \$ millions)

| | Q1 FY19 | Q2 FY19 | Q3 FY19 | Q4 FY19 | Q1 FY20 | YOY % Change |
|---|--------------|--------------|--------------|--------------|--------------|--------------------|
| QUARTERLY NET REVENUE PRESENTATIONS | | | | | | |
| Net revenue by composition | | | | | | |
| Full game downloads | 116 | 148 | 247 | 169 | 132 | 14% |
| Live services | 610 | 412 | 480 | 714 | 731 | 20% |
| Mobile | 231 | 220 | 181 | 182 | 186 | (19%) |
| Total digital | 957 | 780 | 908 | 1,065 | 1,049 | 10% |
| Packaged goods and other | 180 | 506 | 381 | 173 | 160 | (11%) |
| Total net revenue | 1,137 | 1,286 | 1,289 | 1,238 | 1,209 | 6% |
| <i>Total digital</i> | <i>84%</i> | <i>61%</i> | <i>70%</i> | <i>86%</i> | <i>87%</i> | |
| <i>Packaged goods and other</i> | <i>16%</i> | <i>39%</i> | <i>30%</i> | <i>14%</i> | <i>13%</i> | |
| Total net revenue % | 100% | 100% | 100% | 100% | 100% | |
| GAAP-based financial data | | | | | | |
| Full game downloads | (20) | 9 | 26 | 44 | (57) | |
| Live services | (160) | (84) | 304 | 131 | (227) | |
| Mobile | (35) | (24) | 9 | — | (25) | |
| Total digital | (215) | (99) | 339 | 175 | (309) | |
| Packaged goods and other | (124) | 79 | 29 | (2) | (118) | |
| Total change in deferred net revenue (online-enabled games) by composition ² | (339) | (20) | 368 | 173 | (427) | |
| Mobile platform fees | (49) | (44) | (48) | (47) | (39) | |
| Net revenue by platform | | | | | | |
| Console | 705 | 917 | 885 | 826 | 760 | 8% |
| PC/Browser | 197 | 149 | 217 | 217 | 249 | 26% |
| Mobile | 233 | 220 | 181 | 190 | 196 | (16%) |
| Other | 2 | — | 6 | 5 | 4 | 100% |
| Total net revenue | 1,137 | 1,286 | 1,289 | 1,238 | 1,209 | 6% |
| GAAP-based financial data | | | | | | |
| Console | (288) | 8 | 323 | 87 | (344) | |
| PC/Browser | (9) | (4) | 33 | 88 | (59) | |
| Mobile | (42) | (24) | 11 | (2) | (25) | |
| Other | — | — | 1 | — | 1 | |
| Total change in deferred net revenue (online-enabled games) by platform ² | (339) | (20) | 368 | 173 | (427) | |
| Mobile platform fees | (49) | (44) | (48) | (47) | (39) | |

²The change in deferred net revenue (online-enabled games) in the unaudited condensed consolidated statements of cash flows does not necessarily equal the change in deferred net revenue (online-enabled games) in the unaudited condensed consolidated statements of operations primarily due to the impact of unrecognized gains/losses on cash flow hedges.

ELECTRONIC ARTS INC. AND SUBSIDIARIES
Unaudited Supplemental Financial Information and Business Metrics
(in \$ millions)

| | Q1 | Q2 | Q3 | Q4 | Q1 | YOY % |
|---|-------------|-------------|-------------|-------------|-------------|---------------|
| | FY19 | FY19 | FY19 | FY19 | FY20 | Change |
| CASH FLOW DATA | | | | | | |
| Operating cash flow | 120 | (126) | 954 | 599 | 158 | 32% |
| Operating cash flow - TTM | 1,636 | 1,458 | 1,563 | 1,547 | 1,585 | (3%) |
| Capital expenditures | 32 | 31 | 21 | 35 | 45 | 41% |
| Capital expenditures - TTM | 106 | 107 | 104 | 119 | 132 | 25% |
| Repurchase and retirement of common stock | 300 | 299 | 292 | 301 | 305 | 2% |
| DEPRECIATION | | | | | | |
| Depreciation expense | 30 | 30 | 30 | 31 | 30 | — |
| BALANCE SHEET DATA | | | | | | |
| Cash and cash equivalents | 3,876 | 2,881 | 3,887 | 4,708 | 3,533 | |
| Short-term investments | 1,095 | 1,664 | 1,274 | 737 | 1,654 | |
| Cash and cash equivalents, and short-term investments | 4,971 | 4,545 | 5,161 | 5,445 | 5,187 | 4% |
| Receivables, net | 371 | 966 | 806 | 623 | 329 | (11%) |
| STOCK-BASED COMPENSATION | | | | | | |
| Cost of revenue | 1 | 1 | 1 | 1 | 1 | |
| Research and development | 47 | 39 | 49 | 49 | 49 | |
| Marketing and sales | 7 | 9 | 8 | 9 | 7 | |
| General and administrative | 15 | 17 | 17 | 14 | 16 | |
| Total stock-based compensation | <u>70</u> | <u>66</u> | <u>75</u> | <u>73</u> | <u>73</u> | |