



Electronic Arts Reports Q2 FY18 Financial Results

REDWOOD CITY, CA – October 31, 2017 – [Electronic Arts Inc.](#) (NASDAQ: EA) today announced preliminary financial results for its second fiscal quarter ended September 30, 2017.

“It was a strong second quarter for Electronic Arts, with players around the world captivated by our new EA SPORTS titles, top-performing mobile games, and expanding esports competitions,” said Chief Executive Officer Andrew Wilson. “The digital transformation is accelerating across our industry, and we are well-positioned for continued growth with more stunning new titles, thriving event-driven live services including competitive gaming, and continuing innovation for our players on all platforms.”

“We saw a notable shift to digital in our sports titles and remarkable growth in Ultimate Team,” said Chief Financial Officer Blake Jorgensen. “Our sports titles have once again shown their value in delivering a stable and dependable performance. This quarter demonstrates how they can drive our business and offers a window into how our games will evolve over the months and years to come.”

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 \$3.240 billion, up 26% year-over-year, and now represents 63% of total net bookings for the same period.
- More than 50% of Madden NFL 18 players engaged in the “Longshot” story mode through Q2 and Madden Ultimate Team™ players are up 25% year-over-year.
- FIFA Mobile unique player base grew to more than 113 million.
- The Battlefield™ 1 community grew to more than 23.5 million players worldwide.
- Monthly active players for The Sims™ 4 on PC increased more than 40% year-over-year.

** Net bookings, previously referred to as net sales, 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.*

Selected Financial Highlights and Metrics

All financial measures are presented on a GAAP basis.

- Net cash provided by operating activities was \$52 million.
- Net cash provided by operating activities for the trailing twelve months was \$1.802 billion, a record measured at the end of the second quarter.
- In Q2, EA repurchased 1.3 million shares for \$153 million.

Quarterly Financial Highlights

| | <u>Three Months Ended September 30,</u> | |
|--|---|-------------|
| | <u>2017</u> | <u>2016</u> |
| (in \$ millions, except per share amounts) | | |
| Digital net revenue | 689 | 566 |
| Packaged goods and other net revenue | 270 | 332 |
| Total net revenue | 959 | 898 |
| Net loss | (22) | (38) |
| Loss per share | (0.07) | (0.13) |
| Operating cash flow | 52 | 122* |
| Value of shares repurchased | 153 | 127 |
| Number of shares repurchased | 1.3 | 1.6 |

*At the beginning of fiscal 2018, EA adopted FASB ASU 2016-09, related to stock-based compensation. Operating cash flow for the three months ended September 30, 2016 has been recast to reflect the impact of this standard.

While EA no longer reports certain non-GAAP financial measures, the following GAAP-based financial data and a long-term tax rate of 21% are used internally by company management to adjust its GAAP results in order to assess EA's operating results:

| | <u>Three Months Ended September 30, 2017</u> | | | |
|--|--|--|---|-------------------------------------|
| | <u>GAAP-Based Financial Data</u> | | | |
| | | | <u>Change in deferred net revenue (online- enabled games)</u> | <u>Stock-based compensation</u> |
| (in \$ millions) | <u>Statement of Operations</u> | <u>Acquisition- related expenses</u> | | |
| Total net revenue | 959 | - | 220 | - |
| Cost of revenue | 389 | - | - | (1) |
| Gross profit | 570 | - | 220 | 1 |
| Total operating expenses | 611 | (2) | - | (61) |
| Operating income (loss) | (41) | 2 | 220 | 62 |
| Interest and other income, net | 3 | - | - | - |
| Income (loss) before provision for (benefit from) income taxes | (38) | 2 | 220 | 62 |
| Number of shares used in computation: | | | | |
| Basic and diluted | 309 | | | |

EA's GAAP loss per share for the three months ended September 30, 2017 was calculated using the basic share count of 309 million. Had EA reported a profit, the diluted share count would have been 312 million shares.

For more information about the nature of the GAAP-based financial data, please refer to EA's Form 10-Q for the fiscal quarter ended June 30, 2017.

TTM Financial Highlights

| | <u>TTM Ended September 30,</u> | |
|--------------------------------------|--------------------------------|--------------|
| | <u>2017</u> | <u>2016</u> |
| (in \$ millions) | | |
| Digital net revenue | 3,187 | 2,539 |
| Packaged goods and other net revenue | 1,897 | 2,008 |
| Total net revenue | <u>5,084</u> | <u>4,547</u> |
| Net income | 1,187 | 1,256 |
| Operating cash flow* | 1,802 | 1,323 |
| Value of shares repurchased | 555 | 1,016 |
| Number of shares repurchased | 5.7 | 15.2 |

*At the beginning of fiscal 2018, EA adopted FASB ASU 2016-09, related to stock-based compensation. Operating cash flow has been recast to reflect the impact of this standard.

While EA no longer reports certain non-GAAP financial measures, the following GAAP-based financial data and a long-term tax rate of 21% are used internally by company management to adjust its GAAP results in order to assess EA's operating results:

| | <u>TTM Ended September 30, 2017</u> | | | |
|--|-------------------------------------|-------------------------------------|---|-----------------------------|
| | <u>GAAP-Based Financial Data</u> | | | |
| | | | Change in deferred net revenue (online- enabled games) | |
| (in \$ millions) | Statement of Operations | Acquisition- related expenses | | Stock-based compensation |
| Total net revenue | 5,084 | - | 32 | - |
| Cost of revenue | 1,261 | (18) | - | (3) |
| Gross profit | 3,823 | 18 | 32 | 3 |
| Total operating expenses | 2,408 | (6) | - | (207) |
| Operating income | 1,415 | 24 | 32 | 210 |
| Interest and other income, net | 6 | - | - | - |
| Income before provision for income taxes | 1,421 | 24 | 32 | 210 |

For more information about the nature of the GAAP-based financial data, please refer to EA's Form 10-Q for the fiscal quarter ended June 30, 2017.

Operating Metric

EA has renamed the operating metric “net sales” to “net bookings”. The following is a calculation of our total net bookings for the periods presented:

| | <u>Three Months Ended</u> <u>September 30,</u> | | <u>TTM Ended</u> <u>September 30,</u> | |
|---|---|--------------|--|--------------|
| (in \$ millions) | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Total net revenue | 959 | 898 | 5,084 | 4,547 |
| Change in deferred net revenue (online-enabled games) | 220 | 200 | 32 | (40) |
| Net bookings | <u>1,179</u> | <u>1,098</u> | <u>5,116</u> | <u>4,507</u> |

Business Outlook as of October 31, 2017

The following forward-looking statements reflect expectations as of October 31, 2017. 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 2018 Expectations – Ending March 31, 2018

Financial metrics:

- Net revenue is expected to be approximately \$5.075 billion.
 - Change in deferred net revenue (online-enabled games) is expected to be approximately \$75 million.
- Net income is expected to be approximately \$1.136 billion.
- Diluted earnings per share is expected to be approximately \$3.63.
- Operating cash flow, reflecting the recently adopted accounting standard related to stock-based compensation discussed below, is expected to be approximately \$1.600 billion.
- The Company estimates a share count of 313 million for purposes of calculating fiscal year 2018 diluted earnings per share.

Operational metric:

- Net bookings is expected to be approximately \$5.150 billion.

In addition, the following outlook for GAAP-based financial data and a long-term tax rate of 21% 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, 2018 | | | |
|--|--|--|---|-------------------------------------|
| | GAAP-Based Financial Data | | | |
| | GAAP Guidance | Acquisition- related expenses | Change in deferred net revenue (online- enabled games) | Stock-based compensation |
| (in \$ millions) | | | | |
| Digital net revenue | 3,295 | - | 115 | - |
| Packaged goods & other net revenue | 1,780 | - | (40) | - |
| Total net revenue | 5,075 | - | 75 | - |
| Cost of revenue | 1,290 | - | - | (3) |
| Operating expense | 2,443 | (6) | - | (237) |
| Income before provision for income taxes | 1,344 | 6 | 75 | 240 |
| Net income | 1,136 | | | |
| Number of shares used in computation: | | | | |
| Diluted shares | 313 | | | |

Third Quarter Fiscal Year 2018 Expectations – Ending December 31, 2017

Financial metrics:

- Net revenue is expected to be approximately \$1.135 billion.
 - Change in deferred net revenue (online-enabled games) is expected to be approximately \$865 million.
- Net loss is expected to be approximately (\$64) million.
- Loss per share is expected to be approximately (\$0.21).
- The Company estimates a GAAP basic and diluted share count of 309 million shares due to a forecasted net loss. If the Company reports net income instead of a net loss, diluted share count for calculating diluted earnings per share would be 313 million shares.

Operational metric:

- Net bookings is expected to be approximately \$2.000 billion.

In addition, the following outlook for GAAP-based financial data and a long-term tax rate of 21% are used internally by EA to adjust our GAAP expectations to assess EA's operating results and plan for future periods:

| | Three Months Ending December 31, 2017 | | | |
|--|--|---------------------|-------------------------|---------------------|
| | GAAP-Based Financial Data | | | |
| | GAAP | Acquisition- | Change in | Stock-based |
| | Guidance | related | deferred net | compensation |
| | | expenses | revenue (online- | |
| | | | enabled games) | |
| (in \$ millions) | | | | |
| Total net revenue | 1,135 | - | 865 | - |
| Cost of revenue | 521 | - | - | (1) |
| Operating expense | 690 | (1) | - | (64) |
| Income/(loss) before provision for (benefit from) income taxes | (79) | 1 | 865 | 65 |
| Net loss | (64) | | | |
| Number of shares used in computation: | | | | |
| Basic shares | 309 | | | |

Impact of Recently Adopted Accounting Standard

At the beginning of fiscal 2018, EA adopted FASB ASU 2016-09, related to stock-based compensation. This pronouncement required EA to change how it reports the cash effects of stock-based compensation in the Consolidated Statement of Cash Flow. It does not impact total cash and cash flow, but it does increase operating cash flow and decrease cash flow from financing activities. The following table reflects the impact of this standard on operating cash flow for the periods presented:

| (in \$ millions) | Three Months Ended September 30, | |
|--|---|-------------|
| | 2017 | 2016 |
| Operating cash flow under historical GAAP | 39 | 109 |
| Operating cash flow under ASU 2016-09 | 52 | 122 |
| Impact of ASU 2016-09 on operating cash flow | 13 | 13 |

Conference Call and Supporting Documents

Electronic Arts will host a conference call on October 31, 2017 at 2:00 pm PT (5:00 pm ET) to review its results for the second fiscal quarter ended September 30, 2017 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 844-215-4106 (domestic) or 918-534-8313 (international), using the password “EA” or via webcast at EA’s IR Website at <http://ir.ea.com>.

EA has posted a slide presentation and a financial model of EA’s historical results and guidance 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 November 14, 2017 at 855-859-2056 (domestic) or 404-537-3406 (international) using pin code 90760245. 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 2018 expectations under the heading “Business Outlook as of October 31, 2017,” contain forward-looking statements that are subject to change. Statements including words such as “anticipate,” “believe,” “estimate” or “expect” and statements in the future tense are forward-looking statements. These forward-looking statements are preliminary estimates and expectations based on current information and are subject to business and economic risks and uncertainties that could cause actual events or actual future results to differ materially from the expectations set forth 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 titles; the Company’s ability to develop and support digital products and services, including managing online security and privacy; the Company’s ability to manage expenses; the competition in the interactive entertainment industry; the effectiveness of the Company’s sales and marketing programs; timely

development and release of Electronic Arts' products; 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; and other factors described in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2017.

These forward-looking statements are current as of October 31, 2017. Electronic Arts assumes no obligation and does not intend to update these forward-looking statements. 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 September 30, 2017. 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 September 30, 2017.

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. EA has more than 300 million registered players around the world.

In fiscal year 2017, EA posted GAAP net revenue of \$4.8 billion. Headquartered in Redwood City, California, EA is recognized for a portfolio of critically acclaimed, high-quality brands such as The Sims™, Madden NFL, EA SPORTS™ FIFA, Battlefield™, Need for Speed™, Dragon Age™ and Plants vs. Zombies™. More information about EA is available at www.ea.com/news.

Ultimate Team, EA SPORTS, Battlefield, Battlefield 1, The Sims, Need for Speed, Dragon Age, and Plants vs. Zombies are trademarks of Electronic Arts Inc. John Madden, NFL and FIFA are the property of their respective owners and used with permission.

For additional information, please contact:

Chris Evenden
Vice President, Investor Relations
650-628-0255
cevenden@ea.com

John Reseburg
Vice President, Corporate Communications
650-628-3601
jreseburg@ea.com

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

| | Three Months Ended September 30, | | Six Months Ended September 30, | |
|--|-------------------------------------|---------------|-----------------------------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| Net revenue | | | | |
| Product | 454 | 420 | 1,282 | 1,104 |
| Service and other | 505 | 478 | 1,126 | 1,065 |
| Total net revenue | 959 | 898 | 2,408 | 2,169 |
| Cost of revenue | | | | |
| Product | 300 | 317 | 364 | 407 |
| Service and other | 89 | 84 | 179 | 173 |
| Total cost of revenue | 389 | 401 | 543 | 580 |
| Gross profit | 570 | 497 | 1,865 | 1,589 |
| Operating expenses: | | | | |
| Research and development | 331 | 291 | 656 | 585 |
| Marketing and sales | 160 | 143 | 281 | 271 |
| General and administrative | 118 | 111 | 223 | 219 |
| Amortization of intangibles | 2 | 1 | 3 | 3 |
| Total operating expenses | 611 | 546 | 1,163 | 1,078 |
| Operating income (loss) | (41) | (49) | 702 | 511 |
| Interest and other income (expense), net | 3 | (3) | 9 | (11) |
| Income (loss) before provision for (benefit from) income taxes | (38) | (52) | 711 | 500 |
| Provision for (benefit from) income taxes | (16) | (14) | 89 | 98 |
| Net income (loss) | (22) | (38) | 622 | 402 |
| Earnings (loss) per share | | | | |
| Basic | (0.07) | (0.13) | 2.01 | 1.34 |
| Diluted | (0.07) | (0.13) | 1.99 | 1.28 |
| Number of shares used in computation | | | | |
| Basic | 309 | 301 | 309 | 301 |
| Diluted | 309 | 301 | 313 | 315 |

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

The following table reports the variance of the actuals versus our guidance for the three months ended September 30, 2017 plus a comparison to the actuals for the three months ended September 30, 2016.

| | Three Months Ended September 30, | | | |
|---|---|-----------------|----------------|----------------|
| | 2017 | | 2017 | 2016 |
| | Guidance | Variance | Actuals | Actuals |
| Net revenue | | | | |
| Net revenue | 955 | 4 | 959 | 898 |
| GAAP-based financial data | | | | |
| Change in deferred net revenue (online-enabled games) | 205 | 15 | 220 | 200 |
| Cost of revenue | | | | |
| Cost of revenue | 389 | — | 389 | 401 |
| GAAP-based financial data | | | | |
| Acquisition-related expenses | — | — | — | (12) |
| Stock-based compensation | — | (1) | (1) | (1) |
| Operating expenses | | | | |
| Operating expenses | 638 | (27) | 611 | 546 |
| GAAP-based financial data | | | | |
| Acquisition-related expenses | (2) | — | (2) | (1) |
| Stock-based compensation | (61) | — | (61) | (47) |
| Loss before tax | | | | |
| Loss before tax | (69) | 31 | (38) | (52) |
| GAAP-based financial data | | | | |
| Acquisition-related expenses | 2 | — | 2 | 13 |
| Change in deferred net revenue (online-enabled games) | 205 | 15 | 220 | 200 |
| Stock-based compensation | 61 | 1 | 62 | 48 |
| Tax rate used for management reporting | 21% | | 21% | 21% |
| Loss per share | | | | |
| Basic | (0.18) | 0.11 | (0.07) | (0.13) |
| Diluted | (0.18) | 0.11 | (0.07) | (0.13) |
| Number of shares | | | | |
| Basic | 310 | (1) | 309 | 301 |
| Diluted | 310 | (1) | 309 | 301 |

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

| | <u>September 30, 2017</u> | <u>March 31, 2017¹</u> |
|---|---------------------------|-----------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | 2,067 | 2,565 |
| Short-term investments | 2,288 | 1,967 |
| Receivables, net of allowances of \$116 and \$145, respectively | 812 | 359 |
| Other current assets | 248 | 308 |
| Total current assets | 5,415 | 5,199 |
| Property and equipment, net | 444 | 434 |
| Goodwill | 1,711 | 1,707 |
| Acquisition-related intangibles, net | 5 | 8 |
| Deferred income taxes, net | 248 | 286 |
| Other assets | 99 | 84 |
| TOTAL ASSETS | 7,922 | 7,718 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | 187 | 87 |
| Accrued and other current liabilities | 969 | 789 |
| Deferred net revenue (online-enabled games) | 1,116 | 1,539 |
| Total current liabilities | 2,272 | 2,415 |
| Senior notes, net | 991 | 990 |
| Income tax obligations | 122 | 104 |
| Deferred income taxes, net | 1 | 1 |
| Other liabilities | 148 | 148 |
| Total liabilities | 3,534 | 3,658 |
| Stockholders' equity: | | |
| Common stock | 3 | 3 |
| Additional paid-in capital | 817 | 1,049 |
| Retained earnings | 3,641 | 3,027 |
| Accumulated other comprehensive loss | (73) | (19) |
| Total stockholders' equity | 4,388 | 4,060 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | 7,922 | 7,718 |

¹Derived from audited consolidated financial statements.

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

| | Three Months Ended September 30, | | Six Months Ended September 30, | |
|--|-------------------------------------|-------------------|-----------------------------------|-------------------|
| | 2017 | 2016 ² | 2017 | 2016 ² |
| OPERATING ACTIVITIES | | | | |
| Net income (loss) | (22) | (38) | 622 | 402 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | | |
| Depreciation, amortization and accretion | 32 | 45 | 63 | 91 |
| Stock-based compensation | 62 | 48 | 110 | 96 |
| Change in assets and liabilities | | | | |
| Receivables, net | (589) | (481) | (454) | (493) |
| Other assets | (14) | 31 | 66 | 37 |
| Accounts payable | 148 | 165 | 104 | 133 |
| Accrued and other liabilities | 216 | 181 | 100 | 109 |
| Deferred income taxes, net | (15) | (23) | 40 | 20 |
| Deferred net revenue (online-enabled games) | 234 | 194 | (423) | (391) |
| Net cash provided by operating activities | 52 | 122 | 228 | 4 |
| INVESTING ACTIVITIES | | | | |
| Capital expenditures | (30) | (29) | (63) | (69) |
| Proceeds from maturities and sales of short-term investments | 612 | 368 | 1,050 | 644 |
| Purchase of short-term investments | (702) | (507) | (1,395) | (824) |
| Net cash used in investing activities | (120) | (168) | (408) | (249) |
| FINANCING ACTIVITIES | | | | |
| Payment of convertible notes | — | (136) | — | (163) |
| Proceeds from issuance of common stock | 27 | 27 | 57 | 31 |
| Cash paid to taxing authorities for shares withheld from employees | (10) | (9) | (105) | (106) |
| Repurchase and retirement of common stock | (153) | (127) | (303) | (256) |
| Net cash used in financing activities | (136) | (245) | (351) | (494) |
| Effect of foreign exchange on cash and cash equivalents | 23 | (5) | 33 | (8) |
| Decrease in cash and cash equivalents | (181) | (296) | (498) | (747) |
| Beginning cash and cash equivalents | 2,248 | 2,042 | 2,565 | 2,493 |
| Ending cash and cash equivalents | 2,067 | 1,746 | 2,067 | 1,746 |

²Operating and financing cash flow figures for the three and six months ended September 30, 2016 have been recast to reflect the impact of ASU 2016-09 which EA adopted at the beginning of FY18

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

| | Q2 FY17 | Q3 FY17 | Q4 FY17 | Q1 FY18 | Q2 FY18 | YOY % Change |
|--|---------------|---------------|--------------|--------------|---------------|-----------------|
| Net revenue | | | | | | |
| Net revenue | 898 | 1,149 | 1,527 | 1,449 | 959 | 7% |
| GAAP-based financial data | | | | | | |
| Change in deferred net revenue (online-enabled games) ³ | 200 | 921 | (435) | (674) | 220 | |
| Gross profit | | | | | | |
| Gross profit | 497 | 633 | 1,325 | 1,295 | 570 | 15% |
| GAAP-based financial data | | | | | | |
| Acquisition-related expenses | 12 | 18 | — | — | — | |
| Change in deferred net revenue (online-enabled games) ³ | 200 | 921 | (435) | (674) | 220 | |
| Stock-based compensation | 1 | — | 1 | 1 | 1 | |
| <i>Gross profit (as a % of net revenue)</i> | <i>55%</i> | <i>55%</i> | <i>87%</i> | <i>89%</i> | <i>59%</i> | |
| Operating income (loss) | | | | | | |
| Operating income (loss) | (49) | (4) | 717 | 743 | (41) | 16% |
| GAAP-based financial data | | | | | | |
| Acquisition-related expenses | 13 | 20 | 1 | 1 | 2 | |
| Change in deferred net revenue (online-enabled games) ³ | 200 | 921 | (435) | (674) | 220 | |
| Stock-based compensation | 48 | 48 | 52 | 48 | 62 | |
| <i>Operating income (loss) (as a % of net revenue)</i> | <i>(5%)</i> | <i>—</i> | <i>47%</i> | <i>51%</i> | <i>(4%)</i> | |
| Net income (loss) | | | | | | |
| Net income (loss) | (38) | (1) | 566 | 644 | (22) | 42% |
| GAAP-based financial data | | | | | | |
| Acquisition-related expenses | 13 | 20 | 1 | 1 | 2 | |
| Change in deferred net revenue (online-enabled games) ³ | 200 | 921 | (435) | (674) | 220 | |
| Stock-based compensation | 48 | 48 | 52 | 48 | 62 | |
| Tax rate used for management reporting | 21% | 21% | 21% | 21% | 21% | |
| <i>Net income (loss) (as a % of net revenue)</i> | <i>(4%)</i> | <i>—</i> | <i>37%</i> | <i>44%</i> | <i>(2%)</i> | |
| Diluted earnings (loss) per share | (0.13) | (0.00) | 1.81 | 2.06 | (0.07) | 46% |
| Number of diluted shares used in computation | | | | | | |
| Basic | 301 | 303 | 308 | 309 | 309 | |
| Diluted | 301 | 303 | 312 | 313 | 309 | |
| Anti-dilutive shares excluded for loss position ⁴ | 13 | 10 | — | — | 3 | |

³The difference between the balances of deferred net revenue (online-enabled games) in the unaudited condensed consolidated balance sheets does not necessarily equal the change in deferred net revenue (online-enabled games) in the unaudited condensed consolidated statements of cash flows due to the impact of unrecognized gains/losses on cash flow hedges.

⁴Diluted earnings per share reflects the potential dilution from common shares (calculated using the treasury stock method), issuable through stock-based compensation plans. When the company incurs a loss, shares issuable through stock-based compensation plans are excluded from the diluted loss per share calculation as inclusion would be anti-dilutive.

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

| | Q2 | Q3 | Q4 | Q1 | Q2 | YOY |
|--|-------------|--------------|--------------|--------------|-------------|---------------|
| | FY17 | FY17 | FY17 | FY18 | FY18 | % |
| | | | | | | Change |
| QUARTERLY NET REVENUE PRESENTATIONS | | | | | | |
| Net revenue by geography | | | | | | |
| North America | 389 | 561 | 644 | 611 | 427 | 10% |
| International | 509 | 588 | 883 | 838 | 532 | 5% |
| Total net revenue | 898 | 1,149 | 1,527 | 1,449 | 959 | 7% |
| North America | 58 | 370 | (198) | (287) | 59 | |
| International | 142 | 551 | (237) | (387) | 161 | |
| Change in deferred net revenue (online-enabled games)³ | 200 | 921 | (435) | (674) | 220 | |
| <i>North America</i> | <i>43%</i> | <i>49%</i> | <i>42%</i> | <i>42%</i> | <i>45%</i> | |
| <i>International</i> | <i>57%</i> | <i>51%</i> | <i>58%</i> | <i>58%</i> | <i>55%</i> | |
| Total net revenue % | 100% | 100% | 100% | 100% | 100% | |
| Net revenue by composition | | | | | | |
| Full game downloads | 94 | 169 | 259 | 209 | 123 | 31% |
| Live services ⁵ | 323 | 369 | 510 | 501 | 408 | 26% |
| Mobile | 149 | 147 | 165 | 169 | 158 | 6% |
| Total digital | 566 | 685 | 934 | 879 | 689 | 22% |
| Packaged goods and other | 332 | 464 | 593 | 570 | 270 | (19%) |
| Total net revenue | 898 | 1,149 | 1,527 | 1,449 | 959 | 7% |
| Full game downloads | (1) | 186 | (67) | (98) | (4) | |
| Live services ⁵ | (68) | 197 | 8 | (81) | (98) | |
| Mobile | (11) | 27 | 10 | (19) | (8) | |
| Total digital | (80) | 410 | (49) | (198) | (110) | |
| Packaged goods and other | 280 | 511 | (386) | (476) | 330 | |
| Change in deferred net revenue (online-enabled games)³ | 200 | 921 | (435) | (674) | 220 | |
| <i>Full game downloads</i> | <i>10%</i> | <i>15%</i> | <i>17%</i> | <i>14%</i> | <i>13%</i> | |
| <i>Live services⁵</i> | <i>36%</i> | <i>32%</i> | <i>33%</i> | <i>35%</i> | <i>43%</i> | |
| <i>Mobile</i> | <i>17%</i> | <i>13%</i> | <i>11%</i> | <i>12%</i> | <i>16%</i> | |
| <i>Total digital</i> | <i>63%</i> | <i>60%</i> | <i>61%</i> | <i>61%</i> | <i>72%</i> | |
| <i>Packaged goods and other</i> | <i>37%</i> | <i>40%</i> | <i>39%</i> | <i>39%</i> | <i>28%</i> | |
| Total net revenue % | 100% | 100% | 100% | 100% | 100% | |

³The difference between the balances of deferred net revenue (online-enabled games) in the unaudited condensed consolidated balance sheets does not necessarily equal the change in deferred net revenue (online-enabled games) in the unaudited condensed consolidated statements of cash flows due to the impact of unrecognized gains/losses on cash flow hedges.

⁵Live services includes net revenue previously presented as “Extra Content” and “Subscriptions, Advertising and Other” through Q4 FY17.

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

| | Q2 | Q3 | Q4 | Q1 | Q2 | YOY |
|--|---------------|--------------|--------------|--------------|-------------|------------|
| | FY17 | FY17 | FY17 | FY18 | FY18 | % |
| | Change | | | | | |
| QUARTERLY NET REVENUE PRESENTATIONS | | | | | | |
| Net revenue by platform | | | | | | |
| Xbox One, PLAYSTATION 4, Switch | 513 | 728 | 1,039 | 974 | 569 | 11% |
| Other consoles | 65 | 65 | 70 | 60 | 26 | (60%) |
| Total consoles | 578 | 793 | 1,109 | 1,034 | 595 | 3% |
| PC / Browser | 158 | 190 | 246 | 240 | 196 | 24% |
| Mobile | 149 | 148 | 165 | 171 | 162 | 9% |
| Other | 13 | 18 | 7 | 4 | 6 | (54%) |
| Total net revenue | 898 | 1,149 | 1,527 | 1,449 | 959 | 7% |
| Xbox One, PLAYSTATION 4, Switch | 177 | 762 | (375) | (548) | 244 | |
| Other consoles | 43 | 3 | (40) | (42) | 14 | |
| Total consoles | 220 | 765 | (415) | (590) | 258 | |
| PC / Browser | (9) | 127 | (30) | (61) | (30) | |
| Mobile | (11) | 27 | 9 | (20) | (7) | |
| Other | — | 2 | 1 | (3) | (1) | |
| Change in deferred net revenue (online-enabled games)³ | 200 | 921 | (435) | (674) | 220 | |
| Xbox One, PLAYSTATION 4, Switch | 57% | 63% | 68% | 67% | 59% | |
| Other consoles | 7% | 6% | 5% | 4% | 3% | |
| Total consoles | 64% | 69% | 73% | 71% | 62% | |
| PC / Browser | 18% | 17% | 16% | 17% | 20% | |
| Mobile | 17% | 13% | 11% | 12% | 17% | |
| Other | 1% | 1% | — | — | 1% | |
| Total net revenue % | 100% | 100% | 100% | 100% | 100% | |

³The difference between the balances of deferred net revenue (online-enabled games) in the unaudited condensed consolidated balance sheets does not necessarily equal the change in deferred net revenue (online-enabled games) in the unaudited condensed consolidated statements of cash flows 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)

| | Q2 | Q3 | Q4 | Q1 | Q2 | YOY % |
|---|-------------|-------------|-------------|-------------|-------------|---------------|
| | FY17 | FY17 | FY17 | FY18 | FY18 | Change |
| CASH FLOW DATA | | | | | | |
| Operating cash flow ⁶ | 122 | 1,137 | 437 | 176 | 52 | (57%) |
| Operating cash flow ⁶ - TTM | 1,323 | 1,555 | 1,578 | 1,872 | 1,802 | 36% |
| Capital expenditures | 29 | 25 | 29 | 33 | 30 | 3% |
| Capital expenditures - TTM | 120 | 124 | 123 | 116 | 117 | (3%) |
| Repurchase and retirement of common stock | 127 | 127 | 125 | 150 | 153 | 20% |
| DEPRECIATION | | | | | | |
| Depreciation expense | 28 | 29 | 29 | 29 | 30 | 7% |
| BALANCE SHEET DATA | | | | | | |
| Cash and cash equivalents | 1,746 | 2,483 | 2,565 | 2,248 | 2,067 | |
| Short-term investments | 1,520 | 1,736 | 1,967 | 2,222 | 2,288 | |
| Cash and cash equivalents, and short-term investments | 3,266 | 4,219 | 4,532 | 4,470 | 4,355 | 33% |
| Receivables, net | 723 | 587 | 359 | 222 | 812 | 12% |
| STOCK-BASED COMPENSATION | | | | | | |
| Cost of revenue | 1 | — | 1 | 1 | 1 | |
| Research and development | 27 | 27 | 28 | 28 | 36 | |
| Marketing and sales | 8 | 8 | 8 | 7 | 9 | |
| General and administrative | 12 | 13 | 15 | 12 | 16 | |
| Total stock-based compensation | 48 | 48 | 52 | 48 | 62 | |

⁶Operating cash flow has been recast to reflect the impact of ASU 2016-09 which EA adopted at the beginning of FY18