



Electronic Arts Reports Q4 FY18 and Full Year FY18 Financial Results

REDWOOD CITY, CA – May 8, 2018 – [Electronic Arts Inc.](http://www.ea.com) (NASDAQ: EA) today announced preliminary financial results for its fourth fiscal quarter and fiscal year ended March 31, 2018.

“Fiscal 2018 was a year of strong growth and continued transformation for Electronic Arts, as we expanded the reach of our leading franchises like *FIFA*, *Battlefield* and *The Sims* to more players across more platforms and geographies,” said Chief Executive Officer Andrew Wilson. “In the year ahead, we will expand the world of play with amazing new experiences and new IP, more competition, and industry-leading subscription programs. There has never been a more exciting time to be engaging and entertaining global communities.”

“Electronic Arts had another record year,” said COO and CFO Blake Jorgensen. “Our success is driven by the way we have changed, and continue to change, our relationship with players. They want more depth in their favorite games, and fresh content that can hold their attention year-round. This has made our business much more stable and enabled us to deliver a dependable and growing cash flow to investors.”

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* was \$3.538 billion for fiscal 2018, up 17% year-over-year and represents 68% of total net bookings.
- The EA SPORTS™ franchises grew to nearly 90 million players on current generation consoles life to date.
- Nearly 18 million players engaged in competitive gaming across FIFA 18 and Madden NFL 18, up more than 75% year-over-year.
- The Battlefield™ community, across current generation consoles and PC HD, now has more than 54 million players life to date.
- The Sims™ community had more than 80 million Sims players across PC and mobile in fiscal 2018.

** 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, for periods after the fourth quarter of fiscal 2018, mobile platform fees.*

Selected Financial Highlights and Metrics

All financial measures are presented on a GAAP basis.

- Net cash provided by operating activities was \$615 million for the fourth quarter and \$1.692 billion for the fiscal year.
- EA repurchased 1.2 million shares for \$148 million during the quarter and 5.3 million shares for \$601 million during the fiscal year.
- EA announced a new \$2.4 billion, two-year stock repurchase program.

Quarterly Financial Highlights

| | Three Months Ended March 31, | |
|--|---------------------------------|-------|
| | 2018 | 2017 |
| (in \$ millions, except per share amounts) | | |
| Digital net revenue | 1,102 | 934 |
| Packaged goods and other net revenue | 480 | 593 |
| Total net revenue | 1,582 | 1,527 |
| Net income | 607 | 566 |
| Diluted earnings per share | 1.95 | 1.81 |
| Operating cash flow | 615 | 437* |
| Value of shares repurchased | 148 | 125 |
| Number of shares repurchased | 1.2 | 1.5 |

*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 March 31, 2017 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 tax rate of 21% was used internally by company management to adjust its fiscal 2018 GAAP results in order to assess EA's operating results:

| | Three Months Ended March 31, 2018 | | | |
|--|-----------------------------------|-------------------------------------|---|-----------------------------|
| | GAAP-Based Financial Data | | | |
| | Statement of Operations | Acquisition- related expenses | Change in deferred net revenue (online- enabled games) | Stock-based compensation |
| (in \$ millions) | | | | |
| Total net revenue | 1,582 | - | (327) | - |
| Cost of revenue | 233 | (1) | - | (1) |
| Gross profit | 1,349 | 1 | (327) | 1 |
| Total operating expenses | 596 | (5) | - | (68) |
| Operating income | 753 | 6 | (327) | 69 |
| Interest and other income, net | 1 | - | - | - |
| Income before provision for income taxes | 754 | 6 | (327) | 69 |
| Number of shares used in computation: | | | | |
| Diluted | 311 | | | |

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 December 31, 2017.

Fiscal Year Financial Highlights

| | Twelve Months Ended March 31, | |
|---|--|--------------|
| | 2018 | 2017 |
| <small>(in \$ millions, except per share amounts)</small> | | |
| Digital net revenue | 3,450 | 2,874 |
| Packaged goods and other net revenue | 1,700 | 1,971 |
| Total net revenue | 5,150 | 4,845 |
| | | |
| Net income | 1,043* | 967 |
| Diluted earnings per share | 3.34* | 3.08 |
| | | |
| Operating cash flow | 1,692 | 1,578** |
| | | |
| Value of shares repurchased | 601 | 508 |
| Number of shares repurchased | 5.3 | 6.5 |

*During the twelve months ended March 31, 2018, EA recognized \$235 million of incremental income tax expense, or approximately \$0.75 per share, due to the application of the Tax Cuts and Jobs Act.

**At the beginning of fiscal 2018, EA adopted FASB ASU 2016-09, related to stock-based compensation. Operating cash flow for the twelve months ended March 31, 2017 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 tax rate of 21% was used internally by company management to adjust its fiscal 2018 GAAP results in order to assess EA's operating results:

| | Twelve Months Ended March 31, 2018 | | | |
|--|---|---|-------------------------------------|-------|
| | Statement of Operations | GAAP-Based Financial Data | | |
| Acquisition- related expenses | | Change in deferred net revenue (online- enabled games) | Stock-based compensation | |
| <small>(in \$ millions)</small> | | | | |
| Total net revenue | 5,150 | - | 30 | - |
| Cost of revenue | 1,277 | (2) | - | (3) |
| Gross profit | 3,873 | 2 | 30 | 3 |
| Total operating expenses | 2,439 | (9) | - | (239) |
| Operating income | 1,434 | 11 | 30 | 242 |
| Interest and other income, net | 15 | - | - | - |
| Income before provision for income taxes | 1,449 | 11 | 30 | 242 |
| Number of shares used in computation: | | | | |
| Diluted | 312 | | | |

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 December 31, 2017.

Operating Metric

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

| | Three Months Ended March 31, | | Twelve Months Ended March 31, | |
|---|---|--------------|--|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| (in \$ millions) | | | | |
| Total net revenue | 1,582 | 1,527 | 5,150 | 4,845 |
| Change in deferred net revenue (online-enabled games) | (327) | (435) | 30 | 97 |
| Net bookings | <u>1,255</u> | <u>1,092</u> | <u>5,180</u> | <u>4,942</u> |

Stock Repurchase Program

EA has announced a new two-year program to repurchase up to \$2.4 billion of EA's common stock. This program supersedes and replaces the stock repurchase program announced in May 2017.

Under the program, EA may purchase stock in the open market or through privately negotiated transactions in accordance with applicable securities laws, including pursuant to pre-arranged stock trading plans. The timing and actual amount of the stock repurchases will depend on several factors including price, capital availability, regulatory requirements, alternative investment opportunities and other market conditions. EA is not obligated to repurchase any specific number of shares under the program and the repurchase program may be modified, suspended or discontinued at any time.

Business Outlook as of May 8, 2018

The following forward-looking statements reflect expectations as of May 8, 2018. 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.

At the beginning of fiscal year 2019, EA adopted FASB ASU 2014-09 (Topic 606), *Revenue from Contracts with Customers*. Topic 606 significantly changes how EA recognizes and reports revenue; however, it will not materially impact net bookings, EA's operational metric. For more information about the adoption of Topic 606 and information with respect to mobile platform fees, please refer to the FAQ document, dated as of May 8, 2018, posted on our IR website. The business outlook for fiscal year 2019 has been prepared in accordance with Topic 606.

EA has also revised its long-term tax rate from 21% to 18% primarily due to changes resulting from recent tax legislation in the United States. EA uses this rate internally to assess operating results and plans for future periods.

Fiscal Year 2019 Expectations – Ending March 31, 2019

Financial metrics:

- Net revenue is expected to be approximately \$5.600 billion.
 - Change in deferred net revenue (online-enabled games) is expected to be approximately \$250 million.
 - Mobile platform fees are expected to be approximately (\$300) million.
- Net income is expected to be approximately \$1.108 billion.
- Diluted earnings per share is expected to be approximately \$3.55.
- Operating cash flow is expected to be approximately \$1.825 billion.
- The Company estimates a share count of 312 million for purposes of calculating fiscal year 2019 diluted earnings per share.

Operational metric:

- Net bookings is expected to be approximately \$5.550 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, 2019 | | | | |
|--|-------------------------------------|-------------------------------------|---|-------------------------|-----------------------------|
| | GAAP-Based Financial Data | | | | |
| | GAAP Guidance | Acquisition- related expenses | Change in deferred net revenue (online- enabled games) | Mobile platform fees | Stock-based compensation |
| <i>(in \$ millions)</i> | | | | | |
| Digital net revenue | 4,150 | - | 200 | (300) | - |
| Packaged goods & other net revenue | 1,450 | - | 50 | - | - |
| Total net revenue | 5,600 | - | 250 | (300) | - |
| Cost of revenue | 1,581 | (5) | - | (300) | (1) |
| Operating expense | 2,774 | (15) | - | - | (329) |
| Income before provision for income taxes | 1,245 | 20 | 250 | - | 330 |
| Net income | 1,108 | | | | |
| Number of shares used in computation: | | | | | |
| Diluted shares | 312 | | | | |

First Quarter Fiscal Year 2019 Expectations – Ending June 30, 2018

Financial metrics:

- Net revenue is expected to be approximately \$1.080 billion.
 - Change in deferred net revenue (online-enabled games) is expected to be approximately (\$300) million.
 - Mobile platform fees are expected to be approximately (\$60) million.
- Net income is expected to be approximately \$200 million.
- Diluted earnings per share is expected to be approximately \$0.64.
- The Company estimates a share count of 311 million for purposes of calculating first quarter fiscal year 2019 diluted earnings per share.

Operational metric:

- Net bookings is expected to be approximately \$720 million.

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 June 30, 2018 | | | | |
|--|-----------------------------------|-------------------------------------|---|----------------------------|-----------------------------|
| | GAAP-Based Financial Data | | | | |
| | GAAP Guidance | Acquisition- related expenses | Change in deferred net revenue (online- enabled games) | Mobile platform fees | Stock-based compensation |
| <i>(in \$ millions)</i> | | | | | |
| Total net revenue | 1,080 | - | (300) | (60) | - |
| Cost of revenue | 226 | (1) | - | (60) | - |
| Operating expense | 634 | (4) | - | - | (75) |
| Income before provision for income taxes | 220 | 5 | (300) | - | 75 |
| Net income | 200 | | | | |
| Number of shares used in computation: | | | | | |
| Diluted shares | 311 | | | | |

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 December 31, 2017. For more information about mobile platform fees, please refer to the FAQ document dated May 8, 2018 posted on our IR Website.

Conference Call and Supporting Documents

Electronic Arts will host a conference call on May 8, 2018 at 2:00 pm PT (5:00 pm ET) to review its results for the fourth fiscal quarter and fiscal year ended March 31, 2018 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 May 22, 2018 at 855-859-2056 (domestic) or 404-537-3406 (international) using pin code 9267936. 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 2019 expectations under the heading “Business Outlook as of May 8, 2018,” and other information regarding EA’s fiscal 2019 expectations 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 December 31, 2017.

These forward-looking statements are current as of May 8, 2018. 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 Annual Report on Form 10-K for the fiscal year ended March 31, 2018. Electronic Arts assumes no obligation and does not intend to update these estimates prior to filing its Form 10-K for the fiscal year ended March 31, 2018.

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 2018, EA posted GAAP net revenue of \$5.2 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.

EA SPORTS, Battlefield, 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.

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

| | Three Months Ended March 31, | | Twelve Months Ended March 31, | |
|---|---------------------------------|--------------|----------------------------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| Net revenue | | | | |
| Product | 757 | 887 | 2,586 | 2,640 |
| Service and other | 825 | 640 | 2,564 | 2,205 |
| Total net revenue | 1,582 | 1,527 | 5,150 | 4,845 |
| Cost of revenue | | | | |
| Product | 106 | 97 | 822 | 893 |
| Service and other | 127 | 105 | 455 | 405 |
| Total cost of revenue | 233 | 202 | 1,277 | 1,298 |
| Gross profit | 1,349 | 1,325 | 3,873 | 3,547 |
| Operating expenses: | | | | |
| Research and development | 335 | 335 | 1,320 | 1,205 |
| Marketing and sales | 130 | 162 | 641 | 673 |
| General and administrative | 126 | 110 | 469 | 439 |
| Amortization of intangibles | 5 | 1 | 9 | 6 |
| Total operating expenses | 596 | 608 | 2,439 | 2,323 |
| Operating income | 753 | 717 | 1,434 | 1,224 |
| Interest and other income (expense), net | 1 | (1) | 15 | (14) |
| Income before provision for income taxes | 754 | 716 | 1,449 | 1,210 |
| Provision for income taxes | 147 | 150 | 406 | 243 |
| Net income | 607 | 566 | 1,043 | 967 |
| Earnings per share | | | | |
| Basic | 1.98 | 1.84 | 3.39 | 3.19 |
| Diluted | 1.95 | 1.81 | 3.34 | 3.08 |
| Number of shares used in computation | | | | |
| Basic | 307 | 308 | 308 | 303 |
| Diluted | 311 | 312 | 312 | 314 |

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

The following table reports the variance of the actuals versus our guidance for the three months ended March 31, 2018 plus a comparison to the actuals for the three months ended March 31, 2017.

| | Three Months Ended March 31, | | | |
|---|-------------------------------------|-----------------|----------------|----------------|
| | 2018 | | 2018 | 2017 |
| | Guidance | Variance | Actuals | Actuals |
| Net revenue | | | | |
| Net revenue | 1,532 | 50 | 1,582 | 1,527 |
| GAAP-based financial data | | | | |
| Change in deferred net revenue (online-enabled games) | (307) | (20) | (327) | (435) |
| Cost of revenue | | | | |
| Cost of revenue | 234 | (1) | 233 | 202 |
| GAAP-based financial data | | | | |
| Acquisition-related expenses | (1) | — | (1) | — |
| Stock-based compensation | (1) | — | (1) | (1) |
| Operating expenses | | | | |
| Operating expenses | 619 | (23) | 596 | 608 |
| GAAP-based financial data | | | | |
| Acquisition-related expenses | (3) | (2) | (5) | (1) |
| Stock-based compensation | (74) | 6 | (68) | (51) |
| Income before tax | | | | |
| Income before tax | 677 | 77 | 754 | 716 |
| GAAP-based financial data | | | | |
| Acquisition-related expenses | 4 | 2 | 6 | 1 |
| Change in deferred net revenue (online-enabled games) | (307) | (20) | (327) | (435) |
| Stock-based compensation | 75 | (6) | 69 | 52 |
| Tax rate used for management reporting | 21% | | 21% | 21% |
| Earnings per share | | | | |
| Basic | 1.89 | 0.09 | 1.98 | 1.84 |
| Diluted | 1.86 | 0.09 | 1.95 | 1.81 |
| Number of shares | | | | |
| Basic | 307 | — | 307 | 308 |
| Diluted | 311 | — | 311 | 312 |

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

| | March 31, 2018 | March 31, 2017 ¹ |
|---|----------------|-----------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | 4,258 | 2,565 |
| Short-term investments | 1,073 | 1,967 |
| Receivables, net of allowances of \$165 and \$145, respectively | 385 | 359 |
| Other current assets | 288 | 308 |
| Total current assets | 6,004 | 5,199 |
| Property and equipment, net | 453 | 434 |
| Goodwill | 1,883 | 1,707 |
| Acquisition-related intangibles, net | 71 | 8 |
| Deferred income taxes, net | 84 | 286 |
| Other assets | 89 | 84 |
| TOTAL ASSETS | 8,584 | 7,718 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | 48 | 87 |
| Accrued and other current liabilities | 821 | 789 |
| Deferred net revenue (online-enabled games) | 1,622 | 1,539 |
| Total current liabilities | 2,491 | 2,415 |
| Senior notes, net | 992 | 990 |
| Income tax obligations | 250 | 104 |
| Deferred income taxes, net | 1 | 1 |
| Other liabilities | 255 | 148 |
| Total liabilities | 3,989 | 3,658 |
| Stockholders' equity: | | |
| Common stock | 3 | 3 |
| Additional paid-in capital | 657 | 1,049 |
| Retained earnings | 4,062 | 3,027 |
| Accumulated other comprehensive loss | (127) | (19) |
| Total stockholders' equity | 4,595 | 4,060 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | 8,584 | 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 March 31, | | Twelve Months Ended March 31, | |
|---|---------------------------------|-------------------|----------------------------------|-------------------|
| | 2018 | 2017 ² | 2018 | 2017 ² |
| OPERATING ACTIVITIES | | | | |
| Net income | 607 | 566 | 1,043 | 967 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation, amortization and accretion | 39 | 32 | 136 | 172 |
| Stock-based compensation | 69 | 52 | 242 | 196 |
| Change in assets and liabilities | | | | |
| Receivables, net | 502 | 231 | (25) | (136) |
| Other assets | (69) | (37) | 10 | 3 |
| Accounts payable | (60) | 11 | (44) | 5 |
| Accrued and other liabilities | (222) | (86) | 43 | 190 |
| Deferred income taxes, net | 74 | 100 | 204 | 100 |
| Deferred net revenue (online-enabled games) | (325) | (432) | 83 | 81 |
| Net cash provided by operating activities | 615 | 437 | 1,692 | 1,578 |
| INVESTING ACTIVITIES | | | | |
| Capital expenditures | (20) | (29) | (107) | (123) |
| Proceeds from maturities and sales of short-term investments | 1,510 | 313 | 3,166 | 1,281 |
| Purchase of short-term investments | (275) | (545) | (2,287) | (1,917) |
| Acquisition, net of cash acquired | — | — | (150) | — |
| Net cash provided by (used in) investing activities | 1,215 | (261) | 622 | (759) |
| FINANCING ACTIVITIES | | | | |
| Payment of convertible notes | — | — | — | (163) |
| Proceeds from issuance of common stock | 21 | 39 | 78 | 72 |
| Cash paid to taxing authorities for shares withheld from employees | (8) | (18) | (120) | (130) |
| Repurchase and retirement of common stock | (148) | (125) | (601) | (508) |
| Net cash used in financing activities | (135) | (104) | (643) | (729) |
| Effect of foreign exchange on cash and cash equivalents | (3) | 10 | 22 | (18) |
| Increase in cash and cash equivalents | 1,692 | 82 | 1,693 | 72 |
| Beginning cash and cash equivalents | 2,566 | 2,483 | 2,565 | 2,493 |
| Ending cash and cash equivalents | 4,258 | 2,565 | 4,258 | 2,565 |

²Operating and financing cash flow figures for the three and twelve months ended March 31, 2017 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)

| | Q4 FY17 | Q1 FY18 | Q2 FY18 | Q3 FY18 | Q4 FY18 | YOY % Change |
|--|-------------|-------------|---------------|---------------|-------------|-----------------|
| Net revenue | | | | | | |
| Net revenue | 1,527 | 1,449 | 959 | 1,160 | 1,582 | 4% |
| GAAP-based financial data | | | | | | |
| Change in deferred net revenue (online-enabled games) ³ | (435) | (674) | 220 | 811 | (327) | |
| Gross profit | | | | | | |
| Gross profit | 1,325 | 1,295 | 570 | 659 | 1,349 | 2% |
| GAAP-based financial data | | | | | | |
| Acquisition-related expenses | — | — | — | 1 | 1 | |
| Change in deferred net revenue (online-enabled games) ³ | (435) | (674) | 220 | 811 | (327) | |
| Stock-based compensation | 1 | 1 | 1 | — | 1 | |
| <i>Gross profit (as a % of net revenue)</i> | 87% | 89% | 59% | 57% | 85% | |
| Operating income (loss) | | | | | | |
| Operating income (loss) | 717 | 743 | (41) | (21) | 753 | 5% |
| GAAP-based financial data | | | | | | |
| Acquisition-related expenses | 1 | 1 | 2 | 2 | 6 | |
| Change in deferred net revenue (online-enabled games) ³ | (435) | (674) | 220 | 811 | (327) | |
| Stock-based compensation | 52 | 48 | 62 | 63 | 69 | |
| <i>Operating income (loss) (as a % of net revenue)</i> | 47% | 51% | (4%) | (2%) | 48% | |
| Net income (loss) | | | | | | |
| Net income (loss) | 566 | 644 | (22) | (186) | 607 | 7% |
| GAAP-based financial data | | | | | | |
| Acquisition-related expenses | 1 | 1 | 2 | 2 | 6 | |
| Change in deferred net revenue (online-enabled games) ³ | (435) | (674) | 220 | 811 | (327) | |
| Stock-based compensation | 52 | 48 | 62 | 63 | 69 | |
| Tax rate used for management reporting | 21% | 21% | 21% | 21% | 21% | |
| <i>Net income (loss) (as a % of net revenue)</i> | 37% | 44% | (2%) | (16%) | 38% | |
| Diluted earnings (loss) per share | 1.81 | 2.06 | (0.07) | (0.60) | 1.95 | 8% |
| Number of diluted shares used in computation | | | | | | |
| Basic | 308 | 309 | 309 | 308 | 307 | |
| Diluted | 312 | 313 | 309 | 308 | 311 | |
| Anti-dilutive shares excluded for loss position ⁴ | — | — | 3 | 3 | — | |

³The 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 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)

| | Q4 | Q1 | Q2 | Q3 | Q4 | YOY |
|--|--------------|--------------|-------------|--------------|--------------|---------------|
| | FY17 | FY18 | FY18 | FY18 | FY18 | % |
| | | | | | | Change |
| QUARTERLY NET REVENUE PRESENTATIONS | | | | | | |
| Net revenue by geography | | | | | | |
| North America | 644 | 611 | 427 | 452 | 600 | (7%) |
| International | 883 | 838 | 532 | 708 | 982 | 11% |
| Total net revenue | 1,527 | 1,449 | 959 | 1,160 | 1,582 | 4% |
| North America | (198) | (287) | 59 | 313 | (113) | |
| International | (237) | (387) | 161 | 498 | (214) | |
| Change in deferred net revenue (online-enabled games)³ | (435) | (674) | 220 | 811 | (327) | |
| <i>North America</i> | 42% | 42% | 45% | 39% | 38% | |
| <i>International</i> | 58% | 58% | 55% | 61% | 62% | |
| Total net revenue % | 100% | 100% | 100% | 100% | 100% | |
| Net revenue by composition | | | | | | |
| Full game downloads | 259 | 209 | 123 | 143 | 232 | (10%) |
| Live services | 510 | 501 | 408 | 476 | 698 | 37% |
| Mobile | 165 | 169 | 158 | 161 | 172 | 4% |
| Total digital | 934 | 879 | 689 | 780 | 1,102 | 18% |
| Packaged goods and other | 593 | 570 | 270 | 380 | 480 | (19%) |
| Total net revenue | 1,527 | 1,449 | 959 | 1,160 | 1,582 | 4% |
| Full game downloads | (67) | (98) | (4) | 117 | (39) | |
| Live services | 8 | (81) | (98) | 311 | (19) | |
| Mobile | 10 | (19) | (8) | 22 | 4 | |
| Total digital | (49) | (198) | (110) | 450 | (54) | |
| Packaged goods and other | (386) | (476) | 330 | 361 | (273) | |
| Change in deferred net revenue (online-enabled games)³ | (435) | (674) | 220 | 811 | (327) | |
| <i>Full game downloads</i> | 17% | 14% | 13% | 12% | 15% | |
| <i>Live services</i> | 33% | 35% | 43% | 41% | 44% | |
| <i>Mobile</i> | 11% | 12% | 16% | 14% | 11% | |
| <i>Total digital</i> | 61% | 61% | 72% | 67% | 70% | |
| <i>Packaged goods and other</i> | 39% | 39% | 28% | 33% | 30% | |
| Total net revenue % | 100% | 100% | 100% | 100% | 100% | |

³The 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 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)

| | Q4 FY17 | Q1 FY18 | Q2 FY18 | Q3 FY18 | Q4 FY18 | YOY % Change |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| QUARTERLY NET REVENUE PRESENTATIONS | | | | | | |
| Net revenue by platform | | | | | | |
| Xbox One, PLAYSTATION 4, Switch | 1,039 | 974 | 569 | 785 | 1,167 | 12% |
| Other consoles | 70 | 60 | 26 | 25 | 29 | (59%) |
| Total consoles | 1,109 | 1,034 | 595 | 810 | 1,196 | 8% |
| PC / Browser | 246 | 240 | 196 | 181 | 210 | (15%) |
| Mobile | 165 | 171 | 162 | 166 | 173 | 5% |
| Other | 7 | 4 | 6 | 3 | 3 | (57%) |
| Total net revenue | 1,527 | 1,449 | 959 | 1,160 | 1,582 | 4% |
| Xbox One, PLAYSTATION 4, Switch | (375) | (548) | 244 | 705 | (298) | |
| Other consoles | (40) | (42) | 14 | 5 | (15) | |
| Total consoles | (415) | (590) | 258 | 710 | (313) | |
| PC / Browser | (30) | (61) | (30) | 83 | (20) | |
| Mobile | 9 | (20) | (7) | 21 | 5 | |
| Other | 1 | (3) | (1) | (3) | 1 | |
| Change in deferred net revenue (online-enabled games)³ | (435) | (674) | 220 | 811 | (327) | |
| <i>Xbox One, PLAYSTATION 4, Switch</i> | <i>68%</i> | <i>67%</i> | <i>59%</i> | <i>68%</i> | <i>74%</i> | |
| <i>Other consoles</i> | <i>5%</i> | <i>4%</i> | <i>3%</i> | <i>2%</i> | <i>2%</i> | |
| <i>Total consoles</i> | <i>73%</i> | <i>71%</i> | <i>62%</i> | <i>70%</i> | <i>76%</i> | |
| <i>PC / Browser</i> | <i>16%</i> | <i>17%</i> | <i>20%</i> | <i>16%</i> | <i>13%</i> | |
| <i>Mobile</i> | <i>11%</i> | <i>12%</i> | <i>17%</i> | <i>14%</i> | <i>11%</i> | |
| <i>Other</i> | <i>—</i> | <i>—</i> | <i>1%</i> | <i>—</i> | <i>—</i> | |
| Total net revenue % | 100% | 100% | 100% | 100% | 100% | |

³The 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 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)

| | Q4 | Q1 | Q2 | Q3 | Q4 | YOY % |
|---|-------------|-------------|-------------|-------------|-------------|---------------|
| | FY17 | FY18 | FY18 | FY18 | FY18 | Change |
| CASH FLOW DATA | | | | | | |
| Operating cash flow ⁵ | 437 | 176 | 52 | 849 | 615 | 41% |
| Operating cash flow ⁵ - TTM | 1,578 | 1,872 | 1,802 | 1,514 | 1,692 | 7% |
| Capital expenditures | 29 | 33 | 30 | 24 | 20 | (31%) |
| Capital expenditures - TTM | 123 | 116 | 117 | 116 | 107 | (13%) |
| Repurchase and retirement of common stock | 125 | 150 | 153 | 150 | 148 | 18% |
| DEPRECIATION | | | | | | |
| Depreciation expense | 29 | 29 | 30 | 30 | 31 | 7% |
| BALANCE SHEET DATA | | | | | | |
| Cash and cash equivalents | 2,565 | 2,248 | 2,067 | 2,566 | 4,258 | |
| Short-term investments | 1,967 | 2,222 | 2,288 | 2,318 | 1,073 | |
| Cash and cash equivalents, and short-term investments | 4,532 | 4,470 | 4,355 | 4,884 | 5,331 | 18% |
| Receivables, net | 359 | 222 | 812 | 886 | 385 | 7% |
| STOCK-BASED COMPENSATION | | | | | | |
| Cost of revenue | 1 | 1 | 1 | — | 1 | |
| Research and development | 28 | 28 | 36 | 38 | 44 | |
| Marketing and sales | 8 | 7 | 9 | 8 | 8 | |
| General and administrative | 15 | 12 | 16 | 17 | 16 | |
| Total stock-based compensation | <u>52</u> | <u>48</u> | <u>62</u> | <u>63</u> | <u>69</u> | |

⁵Operating cash flow has been recast to reflect the impact of ASU 2016-09 which EA adopted at the beginning of FY18.