

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of report (Date of earliest event reported) **January 29, 2026**

**ELECTRONIC ARTS INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation)

**0-17948**  
(Commission File Number)

**94-2838567**  
(IRS Employer Identification No.)

**209 Redwood Shores Parkway, Redwood City, California**  
(Address of Principal Executive Offices)

**94065-1175**  
(Zip Code)

**(650) 628-1500**  
(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, \$0.01 par value	EA	NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933(17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Item 2.02    Result of Operations and Financial Condition.**

On February 3, 2026, Electronic Arts Inc. ("Electronic Arts" or "EA") issued a press release announcing its financial results for the third fiscal quarter ended December 31, 2025. A copy of the press release is attached hereto as Exhibit 99.1.

Neither the information in this Form 8-K nor the information in the press release attached hereto as Exhibit 99.1 shall be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 8.01    Other Events.**

On January 29, 2026, the Audit Committee of EA, on behalf of EA's full Board of Directors declared a cash dividend of \$0.19 per share of EA's common stock. The dividend is payable on March 18, 2026 to stockholders of record as of the close of business on February 25, 2026.

**Item 9.01    Financial Statements and Exhibits.**

**(d) Exhibits.**

Exhibit No.	Description
99.1	Press release dated February 3, 2026, relating to Electronic Arts Inc.'s financial results for its third fiscal quarter ended December 31, 2025.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

## INDEX TO EXHIBITS

<i>Exhibit No.</i>	<i>Description</i>
<a href="#"><u>99.1</u></a>	<a href="#"><u>Press release dated February 3, 2026, relating to Electronic Arts Inc.'s financial results for its third fiscal quarter ended December 31, 2025.</u></a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**ELECTRONIC ARTS INC.**

Dated: February 3, 2026

By: /s/ Stuart Canfield  
Stuart Canfield  
Chief Financial Officer

# Electronic Arts Reports Q3 FY26 Results



*Record Quarterly Net Bookings Driven by Battlefield™ 6's Landmark Launch  
Continued Franchise Momentum Across EA SPORTS FC™ and Apex Legends™*

**REDWOOD CITY, CA. – February 3, 2026** – Electronic Arts Inc. (NASDAQ: EA) today announced preliminary financial results for its third fiscal quarter ended December 31, 2025.

## **Selected Operating Highlights and Metrics**

- Net bookings<sup>1</sup> for the quarter totaled \$3.046 billion, up 38% year-over-year.
- Battlefield™ 6 was the best-selling shooter title of 2025, setting new franchise engagement records.
- EA SPORTS FC™ net bookings increased high single digits year-over-year in Q3, excluding the benefit of deluxe edition content timing, driven by strength in Ultimate Team™ and FC Mobile.
- Apex Legends™ momentum continued in Q3 with net bookings up double-digits year-over-year driven by innovative new features and events.

## **Selected Financial Highlights and Metrics**

- Net revenue was \$1.901 billion for the quarter.
- Net cash provided by operating activities was \$1.826 billion for the quarter and \$2.522 billion for the trailing twelve months.

## **Dividend**

EA has declared a quarterly cash dividend of \$0.19 per share of the Company's common stock, payable on March 18, 2026 to stockholders of record as of the close of business on February 25, 2026.

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## Quarterly Financial Highlights

(in \$ millions, except per share amounts)	Three Months Ended December 31,	
	2025	2024
Full game	632	599
Live services and other	1,269	1,284
Total net revenue	1,901	1,883
Net income	88	293
Diluted earnings per share	0.35	1.11
Operating cash flow	1,826	1,176
Value of shares repurchased	—	375
Number of shares repurchased	—	2.4
Cash dividend paid	47	50

## Trailing Twelve Months Financial Highlights

(in \$ millions)	Twelve Months Ended December 31,	
	2025	2024
Full game	1,976	1,898
Live services and other	5,330	5,449
Total net revenue	7,306	7,347
Net income	680	1,049
Operating cash flow	2,522	2,110
Value of shares repurchased	2,125	1,450
Number of shares repurchased	15.1	10.1

## Operating Metric

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

(in \$ millions)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2025	2024	2025	2024
Total net revenue	1,901	1,883	7,306	7,347
Change in deferred net revenue (online-enabled games)	1,145	332	655	(125)
Total net bookings	3,046	2,215	7,961	7,222

### **Pending Acquisition by Investor Consortium**

On September 29, 2025, EA announced that it has entered into a definitive agreement to be acquired by an investor consortium ("the Consortium") comprised of The Public Investment Fund, private investment funds affiliated with Silver Lake Group, L.L.C. and private investment funds affiliated with Affinity Partners in an all-cash transaction that values EA at an enterprise value of approximately \$55 billion. The transaction is expected to close in the first quarter of fiscal 2027 and is subject to customary closing conditions, including receipt of required regulatory approvals. For additional information, please refer to EA's filings with the Securities and Exchange Commission.

### **Conference Call and Supporting Documents**

Given the pending transaction, Electronic Arts will not be hosting an earnings conference call this quarter.

For further information and discussion of EA's financial results, please refer to the financial model of EA's historical results posted on EA's IR Website at <http://ir.ea.com> and EA's upcoming Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2025.

### **Forward-Looking Statements**

Some statements set forth in this release 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, and integrate, acquisitions; the consumer demand for, and the availability of an adequate supply of console hardware units; the Company's ability to predict consumer preferences and trends; the Company's ability to develop and implement new technology; foreign currency exchange rate fluctuations; economic and geopolitical conditions; changes in our tax rates or tax laws; the timing, receipt and terms and conditions of any required governmental and regulatory approvals of the proposed transaction with the Consortium that could delay the consummation of the proposed transaction or cause the parties to abandon the proposed transaction; the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement entered into in connection with the proposed transaction; the risk that the parties to the proposed transaction may not be able to satisfy the conditions to the proposed transaction in a timely manner or at all; risks related to disruption of the Company's business resulting from the proposed transaction, including disruption of management time from ongoing business operations due to the proposed transaction; risks relating to certain restrictions during the pendency of the proposed transaction that may impact the ability of the Company to pursue certain business opportunities or strategic transactions; the risk that any announcements relating to the proposed transaction could have adverse effects on the market price of the Company's common stock, including if the proposed transaction is not consummated; the risk of any unexpected costs or expenses resulting from the proposed transaction; the risk of any litigation relating to the proposed transaction; the risk that the proposed transaction and its announcement could have an adverse effect on the ability of the Company to retain and hire key personnel and to maintain relationships with customers, vendors, partners, employees, stockholders and

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other business relationships and on its operating results and business generally; the risks and uncertainties that are described in the proxy statement that the Company has filed with the Securities Exchange Commission in connection with the proposed transaction; and other factors described in Part II, Item 1A of Electronic Arts' latest Quarterly Report on Form 10-Q under the heading "Risk Factors", as well as in other documents we have filed with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended March 31, 2025.

These forward-looking statements are current as of February 3, 2026. Electronic Arts assumes no obligation to revise or update any forward-looking statement, 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 Form 10-Q for the fiscal quarter ended December 31, 2025. 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 December 31, 2025.

## 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 2025, EA posted GAAP net revenue of approximately \$7.5 billion. Headquartered in Redwood City, California, EA is recognized for a portfolio of critically acclaimed, high-quality brands such as EA SPORTS FC™, Battlefield™, Apex Legends™, The Sims™, EA SPORTS™ Madden NFL, EA SPORTS™ College Football, Need for Speed™, Dragon Age™, Titanfall™, Plants vs. Zombies™ and EA SPORTS F1®. More information about EA is available at [www.ea.com/news](http://www.ea.com/news).

EA, EA SPORTS, EA SPORTS FC, Battlefield, Need for Speed, Apex Legends, The Sims, Dragon Age, Titanfall, and Plants vs. Zombies are trademarks of Electronic Arts Inc. John Madden, NFL, and F1 are the property of their respective owners and used with permission.

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<sup>1</sup> 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.

## ELECTRONIC ARTS INC. AND SUBSIDIARIES

### Unaudited Condensed Consolidated Statements of Operations

(in \$ millions, except per share data)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Net revenue	1,901	1,883	5,411	5,568
Cost of revenue	498	456	1,220	1,175
Gross profit	1,403	1,427	4,191	4,393
Operating expenses:				
Research and development	704	606	2,096	1,883
Marketing and sales	356	251	874	728
General and administrative	199	176	572	553
Amortization of intangibles	17	16	51	50
Restructuring	—	1	—	54
Total operating expenses	1,276	1,050	3,593	3,268
Operating income	127	377	598	1,125
Interest and other income (expense), net	4	28	3	73



Income before provision for income taxes	131	405	601	1,198
Provision for income taxes	43	112	175	331
<b>Net income</b>	<b>88</b>	<b>293</b>	<b>426</b>	<b>867</b>
<b>Earnings per share</b>				
<b>Basic</b>	<b>0.35</b>	<b>1.12</b>	<b>1.70</b>	<b>3.28</b>
<b>Diluted</b>	<b>0.35</b>	<b>1.11</b>	<b>1.68</b>	<b>3.26</b>
<b>Number of shares used in computation</b>				
<b>Basic</b>	<b>250</b>	<b>262</b>	<b>250</b>	<b>264</b>
<b>Diluted</b>	<b>253</b>	<b>265</b>	<b>253</b>	<b>266</b>

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

	December 31, 2025	March 31, 2025 <sup>1</sup>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	2,784	2,136
Short-term investments	115	112
Receivables, net	829	679
Other current assets	380	349
<b>Total current assets</b>	<b>4,108</b>	<b>3,276</b>
Property and equipment, net	600	586
Goodwill	5,388	5,376
Acquisition-related intangibles, net	219	293
Deferred income taxes, net	2,451	2,420
Other assets	514	417
<b>TOTAL ASSETS</b>	<b>13,280</b>	<b>12,368</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable, accrued, and other current liabilities	1,546	1,359
Deferred net revenue (online-enabled games)	2,490	1,700
Senior notes, current, net	400	400
<b>Total current liabilities</b>	<b>4,436</b>	<b>3,459</b>
Senior notes, net	1,485	1,484
Income tax obligations	719	594
Other liabilities	488	445
<b>Total liabilities</b>	<b>7,128</b>	<b>5,982</b>
Stockholders' equity:		
Common stock	3	3
Additional paid-in capital	82	—
Retained earnings	6,194	6,470
Accumulated other comprehensive loss	(127)	(87)
<b>Total stockholders' equity</b>	<b>6,152</b>	<b>6,386</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>13,280</b>	<b>12,368</b>

<sup>1</sup>Derived from audited consolidated financial statements.

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
<b>OPERATING ACTIVITIES</b>				
Net income	88	293	426	867
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, amortization, accretion and impairment	79	75	240	277
Stock-based compensation	178	163	504	480
Change in assets and liabilities				
Receivables, net	247	268	(151)	(179)
Other assets	(21)	41	(89)	21
Accounts payable, accrued, and other liabilities	88	44	284	161
Deferred income taxes, net	3	(39)	(30)	(89)
Deferred net revenue (online-enabled games)	1,164	331	789	(8)
<b>Net cash provided by operating activities</b>	<b>1,826</b>	<b>1,176</b>	<b>1,973</b>	<b>1,530</b>
<b>INVESTING ACTIVITIES</b>				
Capital expenditures	(54)	(50)	(169)	(167)
Proceeds from maturities and sales of short-term investments	15	127	87	366
Purchase of short-term and other investments	(18)	(139)	(115)	(376)
Acquisitions, net of cash acquired	—	—	(17)	—
<b>Net cash used in investing activities</b>	<b>(57)</b>	<b>(62)</b>	<b>(214)</b>	<b>(177)</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from issuance of common stock	—	1	45	43
Cash dividends paid	(47)	(50)	(143)	(151)
Cash paid to taxing authorities for shares withheld from employees	(89)	(72)	(266)	(211)
Common stock repurchases and excise taxes paid	—	(383)	(769)	(1,133)
<b>Net cash used in financing activities</b>	<b>(136)</b>	<b>(504)</b>	<b>(1,133)</b>	<b>(1,452)</b>
Effect of foreign exchange on cash and cash equivalents	3	(31)	22	(25)
<b>Change in cash and cash equivalents</b>	<b>1,636</b>	<b>579</b>	<b>648</b>	<b>(124)</b>
Beginning cash and cash equivalents	1,148	2,197	2,136	2,900
<b>Ending cash and cash equivalents</b>	<b>2,784</b>	<b>2,776</b>	<b>2,784</b>	<b>2,776</b>

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

	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26	YOY % Change
<b>Net revenue</b>						
<b>Net revenue</b>	1,883	1,895	1,671	1,839	1,901	1%
GAAP-based financial data						
Change in deferred net revenue (online-enabled games) <sup>2</sup>	332	(96)	(373)	(21)	1,145	
<b>Gross profit</b>						
<b>Gross profit</b>	1,427	1,527	1,392	1,396	1,403	(2%)
<i>Gross profit (as a % of net revenue)</i>	76%	81%	83%	76%	74%	
GAAP-based financial data						
Acquisition-related expenses	10	10	10	9	9	
Change in deferred net revenue (online-enabled games) <sup>2</sup>	332	(96)	(373)	(21)	1,145	
Stock-based compensation	3	3	3	3	3	
<b>Operating income</b>						
<b>Operating income</b>	377	395	271	200	127	(66%)
<i>Operating income (as a % of net revenue)</i>	20%	21%	16%	11%	7%	
GAAP-based financial data						
Acquisition-related expenses*	26	27	27	26	53	
Change in deferred net revenue (online-enabled games) <sup>2</sup>	332	(96)	(373)	(21)	1,145	
Restructuring and related charges	—	4	—	—	—	
Stock-based compensation	163	162	152	174	178	
<b>Net income</b>						
<b>Net income</b>	293	254	201	137	88	(70%)
<i>Net income (as a % of net revenue)</i>	16%	13%	12%	7%	5%	
GAAP-based financial data						
Acquisition-related expenses*	26	27	27	26	53	
Change in deferred net revenue (online-enabled games) <sup>2</sup>	332	(96)	(373)	(21)	1,145	
Restructuring and related charges	—	4	—	—	—	
Stock-based compensation	163	162	152	174	178	
Tax rate used for management reporting	19%	19%	19%	19%	19%	
<b>Diluted earnings per share</b>	1.11	0.98	0.79	0.54	0.35	(68%)
<b>Number of shares used in computation</b>						
<b>Basic</b>	262	257	251	250	250	
<b>Diluted</b>	265	259	254	252	253	

<sup>2</sup>The 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 gains/losses on cash flow hedges.

\*Includes (i) amortization and impairment of intangibles, and (ii) fees and other direct expenses related to our proposed transaction with the Consortium announced on September 29, 2025.

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

	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26	YOY % Change
<b>QUARTERLY NET REVENUE PRESENTATIONS</b>						
<b>Net revenue by composition</b>						
Full game downloads	446	367	233	401	546	22%
Packaged goods	153	70	56	217	86	(44%)
Full game	599	437	289	618	632	6%
Live services and other	1,284	1,458	1,382	1,221	1,269	(1%)
<b>Total net revenue</b>	<b>1,883</b>	<b>1,895</b>	<b>1,671</b>	<b>1,839</b>	<b>1,901</b>	<b>1%</b>
Full game	32%	23%	17%	34%	33%	
Live services and other	68%	77%	83%	66%	67%	
<b>Total net revenue %</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
GAAP-based financial data						
Full game downloads	25	(27)	(46)	37	451	
Packaged goods	9	(26)	(29)	45	59	
Full game	34	(53)	(75)	82	510	
Live services and other	298	(43)	(298)	(103)	635	
Total change in deferred net revenue (online-enabled games) by composition <sup>2</sup>	332	(96)	(373)	(21)	1,145	
<b>Net revenue by platform</b>						
Console	1,215	1,182	1,007	1,212	1,182	(3%)
PC & Other	392	426	374	352	465	19%
Mobile	276	287	290	275	254	(8%)
<b>Total net revenue</b>	<b>1,883</b>	<b>1,895</b>	<b>1,671</b>	<b>1,839</b>	<b>1,901</b>	<b>1%</b>
GAAP-based financial data						
Console	275	(86)	(317)	1	747	
PC & Other	33	(11)	(54)	(6)	343	
Mobile	24	1	(2)	(16)	55	
Total change in deferred net revenue (online-enabled games) by platform <sup>2</sup>	332	(96)	(373)	(21)	1,145	

<sup>2</sup>The 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 gains/losses on cash flow hedges.

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

	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26	YOY % Change
<b>CASH FLOW DATA</b>						
Investing cash flow	(62)	214	(89)	(68)	(57)	
Investing cash flow - TTM	(226)	37	17	(5)	—	100%
Financing cash flow	(504)	(1,411)	(568)	(429)	(136)	
Financing cash flow - TTM	(1,812)	(2,863)	(2,885)	(2,912)	(2,544)	(40%)
Operating cash flow	1,176	549	17	130	1,826	
Operating cash flow - TTM	2,110	2,079	1,976	1,872	2,522	20%
Capital expenditures	50	54	72	43	54	
Capital expenditures - TTM	218	221	226	219	223	2%
Free cash flow <sup>3</sup>	1,126	495	(55)	87	1,772	
Free cash flow <sup>3</sup> - TTM	1,892	1,858	1,750	1,653	2,299	22%
Common stock repurchases and excise taxes paid	383	1,375	375	394	—	(100%)
Cash dividends paid	50	48	48	48	47	(6%)
<b>DEPRECIATION</b>						
Depreciation expense	51	51	52	53	53	4%
<b>BALANCE SHEET DATA</b>						
Cash and cash equivalents	2,776	2,136	1,518	1,148	2,784	
Short-term investments	379	112	112	112	115	
Cash and cash equivalents, and short-term investments	3,155	2,248	1,630	1,260	2,899	(8%)
Receivables, net	742	679	533	1,077	829	12%
<b>STOCK-BASED COMPENSATION</b>						
Cost of revenue	3	3	3	3	3	
Research and development	119	115	110	123	127	
Marketing and sales	14	14	12	15	16	
General and administrative	27	30	27	33	32	
Total stock-based compensation	163	162	152	174	178	
<b>RESTRUCTURING AND RELATED CHARGES</b>						
Restructuring	1	3	—	—	—	
Office space reductions	(1)	1	—	—	—	
Total restructuring and related charges	—	4	—	—	—	

<sup>3</sup>Free cash flow is defined as Operating cash flow less Capital expenditures.

**ELECTRONIC ARTS INC. AND SUBSIDIARIES**  
**Unaudited Reconciliation of GAAP to Non-GAAP Financial Measures**  
(in \$ millions)

The following table provides a reconciliation of non-GAAP operating income and margin to their most directly comparable GAAP financial measure for the three months ended December 31, 2025 plus a comparison to the actuals for the three months ended December 31, 2024.

	Three Months Ended		
	December 31		
	2025	2024	YOY % Change
Net revenue	1,901	1,883	1%
GAAP operating income	127	377	(66%)
Acquisition-related expenses*	53	26	
Stock-based compensation	178	163	
Non-GAAP operating income	358	566	(37%)
GAAP operating margin	6.7%	20.0%	
Non-GAAP operating margin	18.8%	30.1%	
Impact from change in deferred net revenue (online-enabled games)	3,050 bps	1,040 bps	

\*Includes (i) amortization and impairment of intangibles, and (ii) fees and other direct expenses related to our proposed transaction with the Consortium announced on September 29, 2025.

**Non-GAAP Financial Measures**

As a supplement to the Company's financial measures presented in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), the Company presents certain non-GAAP measures of financial performance, including non-GAAP operating margin and free cash flow. These non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. In addition, these non-GAAP measures have limitations in that they do not reflect all of the items associated with the Company's results of operations as determined in accordance with GAAP. These non-GAAP financial measures do not reflect a comprehensive system of accounting and differ from GAAP measures with the same names and may differ from non-GAAP financial measures with the same or similar names that are used by other companies.

The non-GAAP financial measures exclude acquisition-related expenses, stock-based compensation, restructuring and related charges, and capital expenditures, as applicable in any given reporting period and our outlook. The Company may consider whether other significant items that arise in the future should be excluded from our non-GAAP financial measures. Management believes that these non-GAAP financial measures provide investors with additional useful information to better understand and evaluate the Company's operating results and future prospects because they exclude certain items that may not be indicative of the Company's core business, operating results, or future outlook. These non-GAAP financial measures, with further adjustments are used by management to understand ongoing financial and business performance.

The Company uses a tax rate of 19% internally to evaluate its operating performance and to forecast, plan, and analyze future periods. Accordingly, the Company applies the same tax rate to its management reporting financial results.

Investors are encouraged to review the related GAAP financial measures and the reconciliation of non-GAAP financial measures to their most directly comparable GAAP financial measure.