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

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended December 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 000-17948

ELECTRONIC ARTS INC.

(Exact name of registrant as specified in its charter)

Delaware	**94-2838567**
(State or other jurisdiction of incorporation or organization)	***(I.R.S. Employer Identification No.)***
209 Redwood Shores Parkway Redwood City California	**94065**
(Address of principal executive offices)	***(Zip Code)***

(650) 628-1500

(Registrant's telephone number, including area code)

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of January 29, 2026, there were 250,253,713 shares of the Registrant's Common Stock, par value $0.01 per share, outstanding.

ELECTRONIC ARTS INC.
FORM 10-Q
FOR THE PERIOD ENDED DECEMBER 31, 2025

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PART I – FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

ELECTRONIC ARTS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In millions, except par value data)	December 31, 2025	March 31, 2025 [a]
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,784	$ 2,136
Short-term investments	115	112
Receivables, net	829	679
Other current assets	380	349
Total current assets	4,108	3,276
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
TOTAL ASSETS	$ 13,280	$ 12,368
LIABILITIES AND STOCKHOLDERS' EQUITY		
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
Total current liabilities	4,436	3,459
Senior notes, net	1,485	1,484
Income tax obligations	719	594
Other liabilities	488	445
Total liabilities	7,128	5,982
Commitments and contingencies (See Note 11)		
Stockholders' equity:		
Common stock, $0.01 par value. 1,000 shares authorized; 250 and 252 shares issued and outstanding, respectively	3	3
Additional paid-in capital	82	—
Retained earnings	6,194	6,470
Accumulated other comprehensive income (loss)	(127)	(87)
Total stockholders' equity	6,152	6,386
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 13,280	$ 12,368

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited).

(a) Derived from audited Consolidated Financial Statements.

ELECTRONIC ARTS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited) (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 and impairment 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
Net income	$ 88	$ 293	$ 426	$ 867
Earnings per share:				
Basic	$ 0.35	$ 1.12	$ 1.70	$ 3.28
Diluted	$ 0.35	$ 1.11	$ 1.68	$ 3.26
Number of shares used in computation:				
Basic	250	262	250	264
Diluted	253	265	253	266

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited).

ELECTRONIC ARTS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)	Three Months Ended December 31,		Nine Months Ended December 31,	
(In millions)	2025	2024	2025	2024
Net income	$ 88	$ 293	$ 426	$ 867
Other comprehensive income (loss), net of tax:				
Net gains (losses) on available-for-sale securities	—	(1)	—	—
Net gains (losses) on derivative instruments	27	90	(55)	34
Foreign currency translation adjustments	2	(37)	15	(25)
Total other comprehensive income (loss), net of tax	29	52	(40)	9
Total comprehensive income	$ 117	$ 345	$ 386	$ 876

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited).

ELECTRONIC ARTS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Unaudited) (In millions, except share data in thousands)	Common Stock Shares	 Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balances as of March 31, 2025	252,315	$ 3	$ —	$ 6,470	$ (87)	$ 6,386
Total comprehensive income	—	—	—	201	(75)	126
Stock-based compensation	—	—	152	—	—	152
Issuance of common stock	1,677	—	(158)	—	—	(158)
Common stock repurchases and excise tax	(2,984)	—	6	(382)	—	(376)
Cash dividends declared ($0.19 per common share)	—	—	—	(48)	—	(48)
Balances as of June 30, 2025	251,008	$ 3	$ —	$ 6,241	$ (162)	$ 6,082
Total comprehensive income	—	—	—	137	6	143
Stock-based compensation	—	—	174	—	—	174
Issuance of common stock	628	—	26	—	—	26
Common stock repurchases and excise tax	(2,292)	—	(200)	(177)	—	(377)
Cash dividends declared ($0.19 per common share)	—	—	—	(48)	—	(48)
Balances as of September 30, 2025	249,344	$ 3	$ —	$ 6,153	$ (156)	$ 6,000
Total comprehensive income	—	—	—	88	29	117
Stock-based compensation	—	—	178	—	—	178
Issuance of common stock	806	—	(97)	—	—	(97)
Common stock repurchases and excise tax	—	—	1	—	—	1
Cash dividends declared ($0.19 per common share)	—	—	—	(47)	—	(47)
Balances as of December 31, 2025	250,150	$ 3	$ 82	$ 6,194	$ (127)	$ 6,152

(Unaudited) (In millions, except share data in thousands)	Common Stock Shares	 Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balances as of March 31, 2024	266,415	$ 3	$ —	$ 7,582	$ (72)	$ 7,513
Total comprehensive income	—	—	—	280	12	292
Stock-based compensation	—	—	143	—	—	143
Issuance of common stock	1,565	—	(121)	—	—	(121)
Common stock repurchases and excise tax	(2,847)	—	(22)	(355)	—	(377)
Cash dividends declared ($0.19 per common share)	—	—	—	(50)	—	(50)
Balances as of June 30, 2024	265,133	$ 3	$ —	$ 7,457	$ (60)	$ 7,400
Total comprehensive income	—	—	—	294	(55)	239
Stock-based compensation	—	—	174	—	—	174
Issuance of common stock	602	—	24	—	—	24
Common stock repurchases and excise tax	(2,587)	—	(198)	(180)	—	(378)
Cash dividends declared ($0.19 per common share)	—	—	—	(51)	—	(51)
Balances as of September 30, 2024	263,148	$ 3	$ —	$ 7,520	$ (115)	$ 7,408
Total comprehensive income	—	—	—	293	52	345
Stock-based compensation	—	—	163	—	—	163
Issuance of common stock	845	—	(77)	—	—	(77)
Common stock repurchases and excise tax	(2,445)	—	(86)	(291)	—	(377)
Cash dividends declared ($0.19 per common share)	—	—	—	(50)	—	(50)
Balances as of December 31, 2024	261,548	$ 3	$ —	$ 7,472	$ (63)	$ 7,412

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited).

ELECTRONIC ARTS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited) (In millions)	Nine Months Ended December 31, 2025	2024
OPERATING ACTIVITIES		
Net income	$ 426	$ 867
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization, accretion and impairment	240	277
Stock-based compensation	504	480
Change in assets and liabilities:		
Receivables, net	(151)	(179)
Other assets	(89)	21
Accounts payable, accrued, and other liabilities	284	161
Deferred income taxes, net	(30)	(89)
Deferred net revenue (online-enabled games)	789	(8)
Net cash provided by operating activities	1,973	1,530
INVESTING ACTIVITIES		
Capital expenditures	(169)	(167)
Proceeds from maturities and sales of short-term investments	87	366
Purchase of short-term and other investments	(115)	(376)
Acquisitions, net of cash acquired	(17)	—
Net cash used in investing activities	(214)	(177)
FINANCING ACTIVITIES		
Proceeds from issuance of common stock	45	43
Cash dividends paid	(143)	(151)
Cash paid to taxing authorities for shares withheld from employees	(266)	(211)
Common stock repurchases and excise taxes paid	(769)	(1,133)
Net cash used in financing activities	(1,133)	(1,452)
Effect of foreign exchange on cash and cash equivalents	22	(25)
Increase (decrease) in cash and cash equivalents	648	(124)
Beginning cash and cash equivalents	2,136	2,900
Ending cash and cash equivalents	$ 2,784	$ 2,776
Supplemental cash flow information:		
Cash paid during the period for income taxes, net	$ 145	$ 333
Cash paid during the period for interest	28	28
Non-cash investing activities:		
Change in accrued capital expenditures	$ (9)	$ (15)
Non-cash financing activities:		
Change in accrued excise taxes	$ (17)	$ (1)

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited).

ELECTRONIC ARTS INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Electronic Arts is a global leader in digital interactive entertainment. We develop, market, publish and deliver games, content and services that can be experienced on game consoles, PCs, and mobile devices. We create innovative games and experiences that deliver high-quality interactive entertainment and drive engagement across our global network of hundreds of millions of players. Through our live services offerings, we offer high-quality experiences designed to provide value to players and extend and enhance gameplay. These live services include extra content, subscription offerings and other revenue generated in addition to the sale of our full games. We are focusing on building games and experiences that grow the global online communities around our key franchises; deepening engagement through connecting interactive storytelling to key intellectual property; and harnessing our communities to grow in, around, and beyond our games.

Our fiscal year is reported on a 52- or 53-week period that ends on the Saturday nearest March 31. Our results of operations for the fiscal year ending March 31, 2026 contains 52 weeks and ends on March 28, 2026. Our results of operations for the fiscal year ended March 31, 2025 contained 52 weeks and ended on March 29, 2025. Our results of operations for the three and nine months ended December 31, 2025 contained 13 weeks and 39 weeks, respectively, and ended on December 27, 2025. Our results of operations for the three and nine months ended December 31, 2024 contained 13 weeks and 39 weeks, respectively, and ended on December 28, 2024. For simplicity of disclosure, all fiscal periods are referred to as ending on a calendar month end.

The Condensed Consolidated Financial Statements are unaudited and reflect all adjustments (consisting only of normal recurring accruals unless otherwise indicated) that, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. The preparation of these Condensed Consolidated Financial Statements requires management to make estimates and assumptions that affect the amounts reported in these Condensed Consolidated Financial Statements and accompanying notes. Actual results could differ materially from those estimates. The results of operations for the current interim periods are not necessarily indicative of results to be expected for the current year or any other period.

These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2025, as filed with the United States Securities and Exchange Commission ("SEC") on May 13, 2025.

Proposed Merger

On September 28, 2025, we entered into a definitive agreement (the "Merger Agreement") with Oak-Eagle AcquireCo, Inc. ("Parent") and Oak-Eagle MergerCo, Inc., a wholly owned subsidiary of Parent ("Merger Sub"). Parent and Merger Sub are entities formed by an investor consortium comprised of The Public Investment Fund ("PIF"), private investment funds affiliated with Silver Lake Group, L.L.C. ("Silver Lake"), and private investment funds affiliated with Affinity Partners ("Affinity," and, together with PIF and Silver Lake, the "Consortium"). Under the terms of the Merger Agreement, each share of our common stock (other than shares held by the Company, Parent or Merger Sub, and shares owned by stockholders who have properly exercised appraisal rights) will convert into the right to receive $210 per share in cash, without interest (the "Merger").

The Merger is expected to close in the first quarter of fiscal 2027. At a special meeting of stockholders held on December 22, 2025, the Company's stockholders approved the Merger Agreement and the transactions contemplated thereby. The Merger is still subject to other closing conditions, including the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the receipt of certain other specified regulatory approvals, including other applicable U.S. and foreign antitrust approvals, approval by the Committee of Foreign Investment in the United States ("CFIUS"), and approval under foreign direct investment laws or regulations in certain jurisdictions, and the absence of legal restraints in specified jurisdictions prohibiting consummation of the Merger.

Parent has obtained equity and debt financing commitments for the purpose of financing the transactions contemplated by the Merger Agreement. PIF, certain private investment funds affiliated with Silver Lake and certain private investment funds affiliated with Affinity have severally committed to capitalize Parent at the closing of the Merger with equity financing for the transaction. Pursuant to a debt commitment letter, certain financing sources have committed to provide Parent with $20 billion of debt financing to fund in part, the transactions contemplated by the Merger Agreement. The Merger is not subject to a financing condition.

The Company has made customary representations, warranties and covenants in the Merger Agreement, including covenants to use commercially reasonable efforts to conduct its business in the ordinary course during the period between the date of the Merger Agreement and the closing of the Merger.

The Company is subject to certain restrictions on its ability to solicit alternative acquisition proposals from third parties, engage in discussions with third parties regarding alternative acquisition proposals and change its recommendation that stockholders vote in favor of the Merger. In the event the Company receives an unsolicited acquisition proposal from a third party that the Board determines in good faith constitutes or is reasonably likely to result in a Superior Proposal, the Company may engage in discussions with a third party that has made such a proposal.

The Merger Agreement contains certain termination provisions, including a termination fee of up to $1 billion payable by the Company under specified circumstances. We also expect to incur significant costs, expenses, and fees for professional services and other transaction costs in connection with the Merger.

If the Merger is completed, the Company's common stock will be delisted from the NASDAQ Stock Market and deregistered under the Securities Exchange Act of 1934.

The foregoing description of the Merger Agreement does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Merger Agreement attached as Exhibit 2.1 to our Current Report on Form 8-K filed on September 29, 2025.

Change in Estimated Offering Period

The offering period is the period in which we offer to provide the future update rights and/or online hosting for the game and related extra content sold. Because the offering period is not an explicitly defined period, we must make an estimate of the offering period for the service-related performance obligations (i.e., future update rights and/or online hosting). For sales prior to July 1, 2025, revenue for service-related performance obligations related to our mobile free-to-play and PC and console free-to-play games was recognized generally over eight and twelve-month periods, respectively, beginning in the month of sale.

During the three months ended September 30, 2025, we completed our annual evaluation of the Estimated Offering Period, and as a result, for sales beginning July 1, 2025, the revenue that we recognize for service-related performance obligation related to our mobile free-to-play and PC and console free-to-play games is recognized generally over an eleven-month period beginning in the month of sale. During the three months ended December 31, 2025, this change to our Estimated Offering Period resulted in an estimated decrease in net revenue of $25 million and net income of $19 million, and a decrease of $0.08 diluted earnings per share. During the nine months ended December 31, 2025, this change to our Estimated Offering Period resulted in an estimated decrease in net revenue of $33 million and net income of $25 million, and a decrease of $0.10 diluted earnings per share.

Recently Issued Accounting Standards

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes* (Topic 740): *Improvement to Income Tax Disclosures*. The amendments further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. This ASU is effective for our annual report for fiscal year 2026. We expect to adopt the standard on a prospective basis, and the adoption is anticipated to result in expanded income tax disclosures within the Consolidated Financial Statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures* (Subtopic 220-40): *Disaggregation of Income Statement Expenses*, which requires additional, disaggregated disclosure about certain income statement line items. This ASU is effective for our annual report for fiscal year 2028 and interim periods thereafter on a retrospective or prospective basis, with early adoption permitted. We are currently evaluating the timing of adoption and impact of this ASU on our disclosures within the Consolidated Financial Statements.

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments - Credit Losses* (Topic 326)*: Measurement of Credit Losses for Accounts Receivable and Contract Assets*. This amendment introduces a practical expedient for the application of the current expected credit loss ("CECL") model to current accounts receivable and contract assets. The amendment is effective beginning in the first quarter of fiscal year 2027 on a prospective basis, with early adoption permitted. We do not expect the adoption of this amendment to have a material impact on our Condensed Consolidated Financial Statements and related disclosures.

In September 2025, the FASB issued ASU 2025-06, *Intangibles - Goodwill and Other - Internal-Use Software* (Subtopic 350-40): *Improvements to Accounting for Internal-Use Software,* which eliminates references to "project stages" and clarifies the criteria for when internal-use software costs should be capitalized. This ASU is effective beginning in the first quarter of fiscal year 2029 on a prospective, modified-prospective, or retrospective basis, with early adoption permitted. We are currently evaluating the timing of adoption and the impact of this ASU on our Condensed Consolidated Financial Statements and related disclosures.

In November 2025, the FASB issued ASU 2025-09, *Derivatives and Hedging (Topic 815) - Hedge Accounting Improvements*, which more closely aligns hedge accounting with the economics of an entity's risk management activities. The ASU is effective beginning in the first quarter of fiscal year 2028, on a prospective basis, with early adoption permitted. We are currently evaluating the timing of adoption and impact of this ASU on our Condensed Consolidated Financial Statements and related disclosures.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270) - Narrow-Scope Improvements*, which clarifies current interim disclosure requirements and provides additional required interim disclosure guidance. The ASU is effective beginning in the first quarter of fiscal year 2029, on a retrospective or prospective basis, with early adoption permitted. We are currently evaluating the timing of adoption and impact of this amendment on our disclosures within the Condensed Consolidated Financial Statements.

(2) FAIR VALUE MEASUREMENTS

There are various valuation techniques used to estimate fair value, the primary one being the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value, we consider the principal or most advantageous market in which we would transact and consider assumptions that market participants would use when pricing the asset or liability. We measure certain financial and nonfinancial assets and liabilities at fair value on a recurring and nonrecurring basis.

Fair Value Hierarchy

The three levels of inputs that may be used to measure fair value are as follows:

- *Level 1*. Quoted prices in active markets for identical assets or liabilities.
- *Level 2*. Observable inputs other than quoted prices included within Level 1, such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets), or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data for substantially the full term of the assets or liabilities.
- *Level 3*. Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of assets or liabilities.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

As of December 31, 2025 and March 31, 2025, our assets and liabilities that were measured and recorded at fair value on a recurring basis were as follows (in millions):

		Fair Value Measurements at Reporting Date Using			
	As of December 31, 2025	Quoted Prices in Active Markets for Identical Financial Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance Sheet Classification
Assets					
Bank and time deposits	$ 33	$ 33	$ —	$ —	Cash equivalents
Money market funds	501	501	—	—	Cash equivalents
Available-for-sale securities:					
Corporate bonds	49	—	49	—	Short-term investments
U.S. Treasury securities	26	26	—	—	Short-term investments
U.S. agency securities	2	—	2	—	Short-term investments
Foreign government securities	7	—	7	—	Short-term investments
Asset-backed securities	31	—	31	—	Short-term investments
Foreign currency derivatives	30	—	30	—	Other current assets and other assets
Deferred compensation plan assets [a]	47	47	—	—	Other assets
Total assets at fair value	$ 726	$ 607	$ 119	$ —	
Liabilities					
Foreign currency derivatives	$ 57	$ —	$ 57	$ —	Accounts payable, accrued, and other current liabilities and other liabilities
Deferred compensation plan liabilities [a]	47	47	—	—	Other liabilities
Total liabilities at fair value	$ 104	$ 47	$ 57	$ —	

		Fair Value Measurements at Reporting Date Using			
	As of March 31, 2025	Quoted Prices in Active Markets for Identical Financial Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance Sheet Classification
Assets					
Bank and time deposits	$ 58	$ 58	$ —	$ —	Cash equivalents
Money market funds	904	904	—	—	Cash equivalents
Available-for-sale securities:					
Corporate bonds	46	—	46	—	Short-term investments
U.S. Treasury securities	12	12	—	—	Short-term investments
Foreign government securities	4	—	4	—	Short-term investments
Asset-backed securities	50	—	50	—	Short-term investments
Foreign currency derivatives	28	—	28	—	Other current assets and other assets
Deferred compensation plan assets [a]	36	36	—	—	Other assets
Total assets at fair value	$ 1,138	$ 1,010	$ 128	$ —	
Liabilities					
Foreign currency derivatives	$ 26	$ —	$ 26	$ —	Accounts payable, accrued, and other current liabilities and other liabilities
Deferred compensation plan liabilities [a]	36	36	—	—	Other liabilities
Total liabilities at fair value	$ 62	$ 36	$ 26	$ —	

(a) The Deferred Compensation Plan consists of various mutual funds. See Note 15 in our Annual Report on Form 10-K for the fiscal year ended March 31, 2025, for additional information regarding our Deferred Compensation Plan.

(3) FINANCIAL INSTRUMENTS

Cash and Cash Equivalents

As of December 31, 2025 and March 31, 2025, our cash and cash equivalents were $2,784 million and $2,136 million, respectively. Cash equivalents were valued using quoted market prices or other readily available market information.

Short-Term Investments

Short-term investments consisted of the following as of December 31, 2025 and March 31, 2025 (in millions):

	As of December 31, 2025				As of March 31, 2025			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate bonds	$ 49	$ —	$ —	$ 49	$ 46	$ —	$ —	$ 46
U.S. Treasury securities	26	—	—	26	12	—	—	12
U.S. agency securities	2	—	—	2	—	—	—	—
Foreign government securities	7	—	—	7	4	—	—	4
Asset-backed securities	31	—	—	31	50	—	—	50
Short-term investments	$ 115	$ —	$ —	$ 115	$ 112	$ —	$ —	$ 112

The following table summarizes the amortized cost and fair value of our short-term investments, classified by stated maturity as of December 31, 2025 and March 31, 2025 (in millions):

	As of December 31, 2025		As of March 31, 2025	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Short-term investments				
Due within 1 year	$ 48	$ 48	$ 46	$ 46
Due 1 year through 5 years	66	66	63	63
Due after 5 years	1	1	3	3
Short-term investments	$ 115	$ 115	$ 112	$ 112

(4) DERIVATIVE FINANCIAL INSTRUMENTS

Assets or liabilities associated with our derivative instruments and hedging activities are recorded at fair value in other current assets/other assets, or accounts payable, accrued, and other current liabilities/other liabilities, respectively, on our Condensed Consolidated Balance Sheets. As discussed below, the accounting for gains and losses resulting from changes in fair value depends on the use of the derivative instrument and whether it is designated and qualifies for hedge accounting.

We transact business in various foreign currencies and have significant international sales and expenses denominated in foreign currencies, subjecting us to foreign currency risk. We purchase foreign currency forward contracts, generally with maturities of 18 months or less, to reduce the volatility of cash flows primarily related to forecasted revenue and expenses denominated in certain foreign currencies. Our cash flow risks are primarily related to fluctuations in the Euro, British pound sterling, Canadian dollar, Swedish krona, Australian dollar, Japanese yen, Chinese yuan, South Korean won, and Polish zloty. In addition, we utilize foreign currency forward contracts to mitigate foreign currency exchange risk associated with foreign-currency-denominated monetary assets and liabilities, primarily intercompany receivables and payables. The foreign currency forward contracts not designated as hedging instruments generally have a contractual term of approximately three months or less and are transacted near month-end. We do not use foreign currency forward contracts for speculative trading purposes.

Cash Flow Hedging Activities

Certain of our forward contracts are designated and qualify as cash flow hedges. To qualify for hedge accounting treatment, all hedging relationships are formally documented at the inception of the hedges and must be highly effective in offsetting changes to future cash flows on hedged transactions. The derivative assets or liabilities associated with our hedging activities are recorded at fair value in other current assets/other assets, or accounts payable, accrued, and other current liabilities/other liabilities, respectively, on our Condensed Consolidated Balance Sheets. The gains or losses resulting from changes in the fair value of these hedges are initially reported, net of tax, as a component of accumulated other comprehensive income (loss) in stockholders' equity. The gains or losses resulting from changes in the fair value of these hedges are subsequently reclassified into net revenue or research and development expenses, as appropriate, in the period when the forecasted transaction is recognized in our Condensed Consolidated Statements of Operations. In the event that the underlying forecasted transactions do not occur, or it becomes remote that they will occur within the defined hedge period, the gains or losses on the related cash flow hedges are reclassified from accumulated other comprehensive income (loss) to interest and other income (expense), net, in our Condensed Consolidated Statements of Operations.

Total gross notional amounts and fair values for currency derivatives with cash flow hedge accounting designation are as follows (in millions):

	As of December 31, 2025			As of March 31, 2025		
		Fair Value			Fair Value	
	Notional Amount	Asset	Liability	Notional Amount	Asset	Liability
Forward contracts to purchase	$ 401	$ 11	$ —	$ 463	$ 4	$ 7
Forward contracts to sell	$ 1,778	$ 11	$ 46	$ 1,970	$ 20	$ 16

The effects of cash flow hedge accounting in our Condensed Consolidated Statements of Operations for the three and nine months ended December 31, 2025 and 2024 are as follows (in millions):

	Three Months Ended December 31,				Nine Months Ended December 31,			
	2025		2024		2025		2024	
	Net revenue	Research and development	Net revenue	Research and development	Net revenue	Research and development	Net revenue	Research and development
Total amounts presented in our Condensed Consolidated Statements of Operations in which the effects of cash flow hedges are recorded	$ 1,901	$ 704	$ 1,883	$ 606	$ 5,411	$ 2,096	$ 5,568	$ 1,883
Gains (losses) on foreign currency forward contracts designated as cash flow hedges	$ (15)	$ 1	$ 1	$ (2)	$ (22)	$ 3	$ 6	$ (5)

Balance Sheet Hedging Activities

Our foreign currency forward contracts that are not designated as hedging instruments are accounted for as derivatives whereby the fair value of the contracts are reported as other current assets or accounts payable, accrued, and other current liabilities on our Condensed Consolidated Balance Sheets, and gains and losses resulting from changes in the fair value are reported in interest and other income (expense), net, in our Condensed Consolidated Statements of Operations. The gains and losses on these foreign currency forward contracts generally offset the gains and losses in the underlying foreign-currency-denominated monetary assets and liabilities, which are also reported in interest and other income (expense), net, in our Condensed Consolidated Statements of Operations.

Total gross notional amounts and fair values for currency derivatives that are not designated as hedging instruments are accounted for as follows (in millions):

	As of December 31, 2025			As of March 31, 2025		
		Fair Value			Fair Value	
	Notional Amount	Asset	Liability	Notional Amount	Asset	Liability
Forward contracts to purchase	$ 916	$ 8	$ —	$ 511	$ 1	$ 2
Forward contracts to sell	$ 1,101	$ —	$ 11	$ 582	$ 3	$ 1

The effect of foreign currency forward contracts not designated as hedging instruments in our Condensed Consolidated Statements of Operations for the three and nine months ended December 31, 2025 and 2024 was as follows (in millions):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
	Interest and other income (expense), net			
Total amounts presented in our Condensed Consolidated Statements of Operations in which the effects of balance sheet hedges are recorded	$ 4	$ 28	$ 3	$ 73
Gains (losses) on foreign currency forward contracts not designated as hedging instruments	$ 6	$ 40	$ (13)	$ 44

(5) ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The changes in accumulated other comprehensive income (loss) by component, net of tax, for the three months ended December 31, 2025 and 2024 are as follows (in millions):

	Unrealized Net Gains (Losses) on Available-for-Sale Securities	Unrealized Net Gains (Losses) on Derivative Instruments	Foreign Currency Translation Adjustments	Total
Balances as of September 30, 2025	$ —	$ (71)	$ (85)	$ (156)
Other comprehensive income (loss) before reclassifications	—	13	2	15
Amounts reclassified from accumulated other comprehensive income (loss)	—	14	—	14
Total other comprehensive income (loss), net of tax	—	27	2	29
Balances as of December 31, 2025	$ —	$ (44)	$ (83)	$ (127)

	Unrealized Net Gains (Losses) on Available-for-Sale Securities	Unrealized Net Gains (Losses) on Derivative Instruments	Foreign Currency Translation Adjustments	Total
Balances as of September 30, 2024	$ 1	$ (46)	$ (70)	$ (115)
Other comprehensive income (loss) before reclassifications	(1)	89	(37)	51
Amounts reclassified from accumulated other comprehensive income (loss)	—	1	—	1
Total other comprehensive income (loss), net of tax	(1)	90	(37)	52
Balances as of December 31, 2024	$ —	$ 44	$ (107)	$ (63)

The changes in accumulated other comprehensive income (loss) by component, net of tax, for the nine months ended December 31, 2025 and 2024 are as follows (in millions):

	Unrealized Net Gains (Losses) on Available-for-Sale Securities	Unrealized Net Gains (Losses) on Derivative Instruments	Foreign Currency Translation Adjustments	Total
Balances as of March 31, 2025	$ —	$ 11	$ (98)	$ (87)
Other comprehensive income (loss) before reclassifications	—	(74)	15	(59)
Amounts reclassified from accumulated other comprehensive income (loss)	—	19	—	19
Total other comprehensive income (loss), net of tax	—	(55)	15	(40)
Balances as of December 31, 2025	$ —	$ (44)	$ (83)	$ (127)

	Unrealized Net Gains (Losses) on Available-for-Sale Securities	Unrealized Net Gains (Losses) on Derivative Instruments	Foreign Currency Translation Adjustments	Total
Balances as of March 31, 2024	$ —	$ 10	$ (82)	$ (72)
Other comprehensive income (loss) before reclassifications	—	35	(25)	10
Amounts reclassified from accumulated other comprehensive income (loss)	—	(1)	—	(1)
Total other comprehensive income (loss), net of tax	—	34	(25)	9
Balances as of December 31, 2024	$ —	$ 44	$ (107)	$ (63)

The effects on net income of amounts reclassified from accumulated other comprehensive income (loss) for the three and nine months ended December 31, 2025 and 2024 were as follows (in millions):

	Amount Reclassified From Accumulated Other Comprehensive Income (Loss)			
	Three Months Ended December 31,		Nine Months Ended December 31,	
Statement of Operations Classification	2025	2024	2025	2024
(Gains) losses on foreign currency forward contracts designated as cash flow hedges				
Net revenue	$ 15	$ (1)	$ 22	$ (6)
Research and development	(1)	2	(3)	5
Total net (gain) loss reclassified, net of tax	$ 14	$ 1	$ 19	$ (1)

(6) GOODWILL AND ACQUISITION-RELATED INTANGIBLES, NET

The changes in the carrying amount of goodwill for the nine months ended December 31, 2025 are as follows (in millions):

	As of March 31, 2025	Activity	Effects of Foreign Currency Translation	As of December 31, 2025
Goodwill	$ 5,744	$ 9	$ 3	$ 5,756
Accumulated impairment	(368)	—	—	(368)
Total	$ 5,376	$ 9	$ 3	$ 5,388

During the nine months ended December 31, 2025, we completed one acquisition that was not material to our Condensed Consolidated Financial Statements.

Acquisition-related intangibles consisted of the following (in millions):

	As of December 31, 2025			As of March 31, 2025		
	Gross Carrying Amount	Accumulated Amortization	Acquisition-Related Intangibles, Net	Gross Carrying Amount	Accumulated Amortization	Acquisition-Related Intangibles, Net
Developed and core technology	$ 938	$ (835)	$ 103	$ 933	$ (790)	$ 143
Trade names and trademarks	501	(385)	116	501	(351)	150
Registered user base and other intangibles	56	(56)	—	56	(56)	—
Total	$ 1,495	$ (1,276)	$ 219	$ 1,490	$ (1,197)	$ 293

Amortization of intangibles for the three and nine months ended December 31, 2025 and 2024 are classified in the Condensed Consolidated Statements of Operations as follows (in millions):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Cost of revenue	$ 9	$ 10	$ 28	$ 30
Operating expenses	17	16	51	50
Total	$ 26	$ 26	$ 79	$ 80

During the three and nine months ended December 31, 2025 and 2024, there were no impairment charges recorded for acquisition-related intangible assets.

Acquisition-related intangible assets are generally amortized using the straight-line method over the lesser of their estimated useful lives or the agreement terms, currently ranging from 2 to 7 years. As of December 31, 2025 and March 31, 2025, the weighted-average remaining useful life for acquisition-related intangible assets was approximately 2.6 years and 3.2 years, respectively.

As of December 31, 2025, future amortization of finite-lived acquisition-related intangibles that will be recorded in the Condensed Consolidated Statements of Operations is estimated as follows (in millions):

Fiscal Year Ending March 31,	
2026 (remaining three months)	$ 24
2027	85
2028	82
2029	28
Total	$ 219

(7) ROYALTIES AND LICENSES

Our royalty expenses consist of payments to (1) content licensors, (2) independent software developers, and (3) co-publishing and/or distribution affiliates. Content license royalties consist of payments made to sports organizations, movie studios, and others for our use of their trademarks, copyrights, personal publicity rights, content and/or other intellectual property. Royalty payments to independent software developers are payments for the development of intellectual property related to our games. Co-publishing and distribution royalties are payments made to third parties for the delivery of products.

During the three and nine months ended December 31, 2025 and 2024, we did not recognize any material losses or impairment charges on royalty-based commitments.

The current and long-term portions of prepaid royalties and minimum guaranteed royalty-related assets, included in other current assets and other assets, consisted of (in millions):

	As of December 31, 2025	As of March 31, 2025
Other current assets	$ 39	$ 55
Other assets	20	23
Royalty-related assets	$ 59	$ 78

At any given time, depending on the timing of our payments to our content licensors, independent software developers, co-publishing, and/or distribution affiliates, we classify any recognized unpaid royalty amounts due to these parties as accrued liabilities. The current and long-term portions of accrued royalties, included in accrued and other current liabilities and other liabilities, consisted of (in millions):

	As of December 31, 2025	As of March 31, 2025
Accounts payable, accrued, and other current liabilities	$ 272	$ 226
Other liabilities	22	9
Royalty-related liabilities	$ 294	$ 235

As of December 31, 2025, we were committed to pay approximately $2,135 million to content licensors, independent software developers, and co-publishing and/or distribution affiliates, but performance remained with the counterparty (i.e., delivery of the product or content or other factors) and such commitments were therefore not recorded in our Condensed Consolidated Financial Statements. See Note 11 for further information on our developer and licensor commitments.

(8) BALANCE SHEET DETAILS

Property and Equipment, Net

Property and equipment, net, as of December 31, 2025 and March 31, 2025 consisted of (in millions):

	As of December 31, 2025	As of March 31, 2025
Computer, equipment and software	$ 1,078	$ 1,033
Buildings	393	379
Leasehold improvements	238	229
Equipment, furniture and fixtures, and other	115	109
Land	66	66
Construction in progress	39	21
	1,929	1,837
Less: accumulated depreciation	(1,329)	(1,251)
Property and equipment, net	$ 600	$ 586

Depreciation expense associated with property and equipment was $53 million and $158 million for the three and nine months ended December 31, 2025, respectively.

Depreciation expense associated with property and equipment was $51 million and $153 million for the three and nine months ended December 31, 2024, respectively.

Accounts Payable, Accrued, and Other Current Liabilities

Accounts payable, accrued, and other current liabilities as of December 31, 2025 and March 31, 2025 consisted of (in millions):

	As of December 31, 2025	As of March 31, 2025
Accounts payable	$ 76	$ 105
Accrued compensation and benefits	479	486
Accrued royalties	272	226
Deferred net revenue (other)	127	94
Operating lease liabilities	65	67
Other accrued expenses	366	297
Sales returns and price protection reserves	161	84
Accounts payable, accrued, and other current liabilities	$ 1,546	$ 1,359

Deferred net revenue (other) includes the deferral of licensing arrangements, subscription revenue, and other revenue for which revenue recognition criteria has not been met.

Deferred net revenue

Deferred net revenue as of December 31, 2025 and March 31, 2025 consisted of (in millions):

	As of December 31, 2025	As of March 31, 2025
Deferred net revenue (online-enabled games)	$ 2,490	$ 1,700
Deferred net revenue (other)	127	94
Deferred net revenue (noncurrent)	67	72
Total deferred net revenue	$ 2,684	$ 1,866

During the nine months ended December 31, 2025 and 2024, we recognized $1,755 million and $1,847 million of net revenue, respectively, that were included in the deferred net revenue balance at the beginning of the period.

Remaining Performance Obligations

As of December 31, 2025, revenue allocated to remaining performance obligations consists of our deferred net revenue balance of $2,684 million and amounts to be invoiced in future periods of $31 million, of which $16 million are expected to be recognized as revenue over the next 12 months, and the remainder thereafter. These balances exclude any estimates for future variable consideration as we have elected the optional exemption to exclude sales-based royalty revenue.

(9) INCOME TAXES

On July 4, 2025, the United States enacted the One Big Beautiful Bill Act ("OBBB") which extended or modified certain corporate tax provisions under the 2017 Tax Cuts and Jobs Act ("TCJA"). The OBBB modified certain business deductions, including allowing for immediate expensing of U.S. research & development expenditures, effective in our current fiscal year. The OBBB also modified various international tax provisions which were set to change or expire after 2025 under the TCJA. Such modifications, including U.S. taxation of profits derived from foreign operations and associated foreign tax credit limitations, are effective in our fiscal year 2027. The changes resulting from the tax provisions of OBBB are not expected to have a material impact on our results of operations.

The European Union and other countries, including Switzerland, have enacted, or have committed to enact global minimum taxes, commonly referred to as Pillar II, as proposed by the Organization for Economic Cooperation and Development ("OECD"), effective with our fiscal year 2025. Pillar II in the relevant countries where we operate did not have a material impact on our tax provision for the three or nine months ended December 31, 2025. On January 5, 2026, the OECD published details of a side-by-side package for the Pillar II global minimum tax rules. The package includes an extension of the transitional safe harbor and new permanent safe harbor rules, including the exemption of U.S.-parented multinationals from certain Pillar II global minimum taxes effective in our fiscal year 2027. We do not expect the package to have material impact on our financial results and will continue to monitor legislative updates in our operating jurisdictions.

The provision for income taxes for the three and nine months ended December 31, 2025 is based on our projected annual effective tax rate for fiscal year 2026, adjusted for specific items that are required to be recognized in the period in which they are incurred. Our effective tax rate for the three and nine months ended December 31, 2025 was 33 percent and 29 percent, respectively, as compared to 28 percent for the same periods in prior year. The increase in the three and nine months effective tax rates year-over-year is primarily due to Pillar II global minimum tax impacts, partially offset by a net periodic tax benefit from higher excess stock-based compensation.

We are subject to income tax examinations in various jurisdictions with respect to fiscal years after 2015. The timing and potential resolution of income tax examinations is highly uncertain. While we continue to measure our uncertain tax positions, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued. It is reasonably possible that material reduction of unrecognized tax benefits may occur within the next 12 months, which would impact our effective tax rate. The actual amount could vary significantly depending on the ultimate timing and nature of any settlements and tax interpretations.

(10) FINANCING ARRANGEMENTS

Senior Notes

In February 2021, we issued $750 million aggregate principal amount of 1.85% Senior Notes due February 15, 2031 (the "2031 Notes") and $750 million aggregate principal amount of 2.95% Senior Notes due February 15, 2051 (the "2051 Notes"). Our proceeds were $1,478 million, net of discount of $6 million and issuance costs of $16 million. Both the discount and issuance costs are being amortized to interest expense over the respective terms of the 2031 Notes and the 2051 Notes using the effective interest rate method. The effective interest rate is 1.98% for the 2031 Notes and 3.04% for the 2051 Notes. Interest is payable semiannually in arrears, on February 15 and August 15 of each year.

In February 2016, we issued $400 million aggregate principal amount of 4.80% Senior Notes due March 1, 2026 (the "2026 Notes"). Our proceeds were $395 million, net of discount of $1 million and issuance costs of $4 million. Both the discount and issuance costs are being amortized to interest expense over the term of the 2026 Notes using the effective interest rate method. The effective interest rate was 4.97%. Interest is payable semiannually in arrears, on March 1 and September 1 of each year.

The carrying and fair values of the Senior Notes are as follows (in millions):

	As of December 31, 2025	As of March 31, 2025
Senior Notes:		
4.80% Senior Notes due 2026	$ 400	$ 400
1.85% Senior Notes due 2031	750	750
2.95% Senior Notes due 2051	750	750
Total principal amount	$ 1,900	$ 1,900
Unaccreted discount	(4)	(5)
Unamortized debt issuance costs	(11)	(11)
Net carrying value of Senior Notes	$ 1,885	$ 1,884
Fair value of Senior Notes (Level 2)	$ 1,824	$ 1,511

As of December 31, 2025, the remaining life of the 2026 Notes, 2031 Notes and 2051 Notes is approximately 0.2 years, 5.1 years, and 25.2 years, respectively.

The Senior Notes are senior unsecured obligations and rank equally with all our other existing and future unsubordinated obligations and any indebtedness that we may incur from time to time under our Credit Facility.

The 2026 Notes, 2031 Notes and 2051 Notes are redeemable at our option at any time prior to December 1, 2025, November 15, 2030, and August 15, 2050, respectively, subject to a make-whole premium. After such dates, we may redeem each such series of Notes, respectively, at a redemption price equal to 100% of the aggregate principal amount plus accrued and unpaid interest. In addition, upon the occurrence of a change of control repurchase event, the holders of each such series of Notes may require us to repurchase all or a portion of these Notes, at a price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase. Each such series of Notes also include covenants that limit our ability to incur liens on assets and to enter into sale and leaseback transactions, subject to certain allowances.

Subsequent to December 31, 2025, we redeemed all of the $400 million outstanding aggregate principal amount of the 2026 Notes, without premium or penalty, plus accrued and unpaid interest.

Credit Facility

On March 22, 2023, we entered into a $500 million unsecured revolving credit facility (the “Credit Facility") with a syndicate of banks. The Credit Facility terminates on March 22, 2028 unless the maturity is extended in accordance with its terms. The Credit Facility contains an option to arrange with existing lenders and/or new lenders to provide up to an aggregate of $500 million in additional commitments for revolving loans. Proceeds of loans made under the Credit Facility may be used for general corporate purposes.

The loans denominated in U.S. dollars bear interest, at our option, at the base rate plus an applicable spread or at a forward-looking term rate based upon the secured overnight financing rate plus a credit spread adjustment of 0.10% per annum (the “Adjusted Term SOFR Rate”) plus an applicable spread, in each case with such spread based on our debt credit ratings. We are also obligated to pay other customary fees for a credit facility of this size and type. Interest is due and payable in arrears quarterly for loans bearing interest at the base rate and at the end of an interest period in the case of loans bearing interest at the Adjusted Term SOFR Rate. Principal, together with all accrued and unpaid interest, is due and payable on the maturity date, as such date may be extended in connection with the extension option. We may prepay the loans and terminate the commitments, in whole or in part, at any time without premium or penalty, subject to certain conditions.

The Credit Facility contains customary affirmative and negative covenants, including covenants that limit or restrict our ability to, among other things, incur subsidiary indebtedness, grant liens, and dispose of all or substantially all assets, in each case subject to customary exceptions for a credit facility of this size and type. We are also required to maintain compliance with a debt to EBITDA ratio. As of December 31, 2025, we were in compliance with the debt to EBITDA ratio.

The Credit Facility contains customary events of default, including among others, non-payment defaults, covenant defaults, cross-defaults to material indebtedness, bankruptcy and insolvency defaults, material judgment defaults and a change of control

default, in each case, subject to customary exceptions for a credit facility of this size and type. The occurrence of an event of default could result in the acceleration of the obligations under the Credit Facility and an increase in the applicable interest rate.

As of December 31, 2025, no amounts were outstanding under the Credit Facility. $2 million of debt issuance costs that were paid in connection with obtaining this credit facility are being amortized to interest expense over the 5-year term of the Credit Facility.

Interest Expense

The following table summarizes our interest expense recognized for the three and nine months ended December 31, 2025 and 2024 that is included in interest and other income (expense), net on our Condensed Consolidated Statements of Operations (in millions):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Amortization of debt issuance costs	$ —	$ —	$ (1)	$ (1)
Coupon interest expense	(14)	(14)	(42)	(42)
Other interest expense	—	(1)	—	(1)
Total interest expense	$ (14)	$ (15)	$ (43)	$ (44)

(11) COMMITMENTS AND CONTINGENCIES

Development, Sports Organizations and Other Content Licenses: Payments and Commitments

The products we produce in our studios are designed and created by our employee designers, artists, software programmers and by non-employee software developers ("independent artists" or "third-party developers"). We typically advance development funds to the independent artists and third-party developers during development of our games, usually in installment payments made upon the completion of specified development milestones. Contractually, these payments are generally considered advances against subsequent royalties on the sales of the products. These terms are set forth in written agreements entered into with the independent artists and third-party developers. In addition, we have certain sports organizations and other content license contracts that contain minimum guarantee payments and marketing commitments to promote the games we publish that may not be dependent on any deliverables.

These developer and content license commitments represent the sum of the cash payments for flat fees, minimum guaranteed payments, and service payments. The majority of these commitments are conditional upon performance by the counterparty. These payments and any related marketing and development commitments are included in the table below.

The following table summarizes our minimum contractual obligations as of December 31, 2025 (in millions):

		Fiscal Years Ending March 31,						
	Total	2026 (Remaining three mos.)	2027	2028	2029	2030	2031	Thereafter
Unrecognized commitments								
Developer/licensor commitments	$ 2,135	$ 106	$ 367	$ 427	$ 412	$ 415	$ 369	$ 39
Marketing commitments	1,325	67	318	304	211	227	187	11
Senior Notes interest	628	6	36	36	36	36	36	442
Operating lease imputed interest	61	4	13	11	9	7	6	11
Operating leases not yet commenced [a]	23	—	1	2	2	2	2	14
Other purchase obligations	309	28	110	104	53	10	4	—
Total unrecognized commitments	4,481	211	845	884	723	697	604	517
Recognized commitments								
Senior Notes principal and interest	1,920	420	—	—	—	—	750	750
Operating leases	357	16	63	56	38	32	34	118
Total recognized commitments	2,277	436	63	56	38	32	784	868
Total Commitments	$ 6,758	$ 647	$ 908	$ 940	$ 761	$ 729	$ 1,388	$ 1,385

(a) As of December 31, 2025, we have entered into an office lease that is expected to commence in the fourth quarter of fiscal year 2026, with aggregate future lease payments of approximately $23 million and a lease term of 10 years.

The unrecognized amounts represented in the table above reflect our minimum cash obligations for the respective fiscal years, but do not necessarily represent the periods in which they will be recognized and expensed in our Condensed Consolidated Financial Statements. In addition, the amounts in the table above are presented based on the dates the amounts are contractually due as of December 31, 2025; however, certain payment obligations may be accelerated depending on the performance of our operating results.

In addition to the amounts included in the table above, as of December 31, 2025, we had a net liability for unrecognized tax benefits and related interest totaling $690 million. While it is reasonably possible that material reduction of unrecognized tax benefits may occur within the next 12 months, the actual amount could vary significantly depending on the ultimate timing and nature of any settlements and tax interpretations.

Legal Proceedings

We are subject to claims and litigation arising in the ordinary course of business. We do not believe that any liability from any reasonably foreseeable disposition of such claims and litigation, individually or in the aggregate, would have a material adverse effect on our Condensed Consolidated Financial Statements.

(12) STOCK-BASED COMPENSATION AND STOCK REPURCHASE PROGRAM

Valuation Assumptions

We recognize compensation cost for stock-based awards to employees based on the awards' estimated grant-date fair value using a straight-line approach over the service period for which such awards are expected to vest. We account for forfeitures as they occur.

The estimation of the fair value of market-based restricted stock units, stock options and Employee Stock Purchase Plan ("ESPP") purchase rights is affected by assumptions regarding subjective and complex variables. Generally, our assumptions are based on historical information and judgment is required to determine if historical trends may be indicators of future outcomes. We estimate the fair value of our stock-based awards as follows:

- *Restricted Stock Units* and *Performance-Based Restricted Stock Units*. The fair value of restricted stock units and performance-based restricted stock units (other than market-based restricted stock units) is determined based on the quoted market price of our common stock on the date of grant.

- *Market-Based Restricted Stock Units*. Market-based restricted stock units consist of grants of performance-based restricted stock units to certain members of executive management that vest contingent upon the achievement of pre-determined market and service conditions (referred to herein as "market-based restricted stock units"). The fair value of our market-based restricted stock units is estimated using a Monte-Carlo simulation model. Key assumptions for the Monte-Carlo simulation model are the risk-free interest rate, expected volatility, expected dividends and correlation coefficient.

- *Stock Options and ESPP*. The fair value of stock options and stock purchase rights granted pursuant to our equity incentive plans and our 2000 Employee Stock Purchase Plan, as amended, respectively, is estimated using the Black-Scholes valuation model based on the multiple-award valuation method. Key assumptions of the Black-Scholes valuation model are the risk-free interest rate, expected volatility, expected term and expected dividends. The risk-free interest rate is based on U.S. Treasury yields in effect at the time of grant for the expected term of the option. Expected volatility is based on a combination of historical stock price volatility and implied volatility of publicly-traded options on our common stock. An expected term is estimated based on historical exercise behavior, post-vesting termination patterns, options outstanding and future expected exercise behavior.

There were an insignificant number of stock options granted during the three and nine months ended December 31, 2025 and 2024.

Stock Options

The following table summarizes our stock option activity for the nine months ended December 31, 2025:

	Options (in thousands)	Weighted-Average Exercise Prices	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding as of March 31, 2025	6	$ 63.51		
Granted	1	157.55		
Exercised	(4)	98.74		
Forfeited, cancelled or expired	—	—		
Outstanding as of December 31, 2025	3	$ 56.22	2.35	$ 0.5
Vested and expected to vest	3	$ 56.22	2.35	$ 0.5
Exercisable as of December 31, 2025	3	$ 56.22	2.35	$ 0.5

The aggregate intrinsic value represents the total pre-tax intrinsic value based on our closing stock price as of December 31, 2025, which would have been received by the option holders had all the option holders exercised their options as of that date. We issue new common stock from our authorized shares upon the exercise of stock options.

Restricted Stock Units

The following table summarizes our restricted stock units activity for the nine months ended December 31, 2025:

	Restricted Stock Units (in thousands)	Weighted-Average Grant Date Fair Values
Outstanding as of March 31, 2025	7,549	$ 133.90
Granted	3,726	152.50
Vested	(4,041)	133.52
Forfeited or cancelled	(473)	138.39
Outstanding as of December 31, 2025	6,761	$ 144.06

Performance-Based Restricted Stock Units

Our performance-based restricted stock units vest upon the achievement of pre-determined performance-based milestones, including, but not limited to, management reporting milestones of net bookings and operating income metrics, as well as service conditions. If these performance-based milestones are not met but service conditions are met, the performance-based restricted stock units will not vest, in which case any compensation expense we have recognized to date will be reversed. Generally, the measurement periods of our performance-based restricted stock units are 3 years, with awards vesting after each annual measurement period or cliff-vesting after the completion of the total aggregate measurement period.

Each quarter, we update our assessment of the probability that the performance milestones will be achieved. We amortize the fair values of performance-based restricted stock units over the requisite service period. The performance-based restricted stock units contain threshold, target and maximum milestones for each performance-based milestone. The number of shares of common stock to be issued at vesting will range from zero to 200 percent of the target number of performance-based restricted stock units attributable to each performance-based milestone based on the company's performance as compared to these threshold, target and maximum performance-based milestones. Each performance-based milestone is weighted evenly and the number of shares that vest based on each performance-based milestone is independent from the other.

The following table summarizes our performance-based restricted stock unit activity, presented with the maximum number of shares that could potentially vest, for the nine months ended December 31, 2025:

	Performance-Based Restricted Stock Units (in thousands)	Weighted-Average Grant Date Fair Value
Outstanding as of March 31, 2025	1,004	$ 134.60
Granted	813	151.10
Vested	(266)	150.23
Forfeited or cancelled	(480)	137.75
Outstanding as of December 31, 2025	1,071	$ 141.84

Market-Based Restricted Stock Units

Our market-based restricted stock units vest contingent upon the achievement of pre-determined market and service conditions. If these market conditions are not met but service conditions are met, the market-based restricted stock units will not vest; however, any compensation expense we have recognized to date will not be reversed. The number of shares of common stock to be issued at vesting for these awards are based on our total stockholder return ("TSR") relative to the performance of either companies in the Nasdaq-100 (for awards granted in fiscal years 2023 and 2024) or the S&P 500 Index (for awards granted in fiscal year 2025 and going forward) ("Relative TSR") and on absolute TSR performance measured against pre-established goals, which started in fiscal year 2025 ("Absolute TSR"), each over a three-year period. Payout with respect to the Relative TSR component ranges from zero to 200 percent of the target number of Relative TSR units granted, and payout with respect to the Absolute TSR component ranges from zero to 75 percent of the target number of the underlying base award (which is comprised of Performance-Based Restricted Stock Units and Relative TSR units). These awards cliff-vest after the completion of the three-year measurement period, contingent on the achievement of both market and service conditions.

We amortize the fair values of market-based restricted stock units over the requisite service period.

The following table summarizes our market-based restricted stock unit activity, presented with the maximum number of shares that could potentially vest, for the nine months ended December 31, 2025:

	Market-Based Restricted Stock Units (in thousands)	Weighted-Average Grant Date Fair Value
Outstanding as of March 31, 2025	637	$ 115.43
Granted	367	103.73
Vested	(34)	150.48
Forfeited or cancelled	(80)	176.70
Outstanding as of December 31, 2025	890	$ 103.80

Stock-Based Compensation Expense

The following table summarizes stock-based compensation expense resulting from stock options, restricted stock units, market-based restricted stock units, performance-based restricted stock units, and the ESPP purchase rights included in our Condensed Consolidated Statements of Operations (in millions):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Cost of revenue	$ 3	$ 3	$ 9	$ 11
Research and development	127	119	360	342
Marketing and sales	16	14	43	42
General and administrative	32	27	92	85
Stock-based compensation expense	$ 178	$ 163	$ 504	$ 480

During the three and nine months ended December 31, 2025, we recognized $15 million and $50 million, respectively, of deferred income tax benefit related to our stock-based compensation expense. During the three and nine months ended

December 31, 2024, we recognized $27 million and $69 million, respectively, of deferred income tax benefit related to our stock-based compensation expense.

As of December 31, 2025, our total unrecognized compensation cost related to stock options, restricted stock units, market-based restricted stock units, and performance-based restricted stock units was $875 million and is expected to be recognized over a weighted-average service period of 1.8 years. Of the $875 million of unrecognized compensation cost, $812 million relates to restricted stock units, $39 million relates to performance-based restricted stock units, $24 million relates to market-based restricted stock units.

Stock Repurchase Program

In August 2022, our Board of Directors authorized a program to repurchase up to $2.6 billion of our common stock. This program was terminated on May 8, 2024.

In May 2024, the Company's Audit Committee, upon delegation from the Company's Board of Directors, authorized a program to repurchase up to $5.0 billion of our common stock. This program superseded and replaced the August 2022 program and expires on May 9, 2027. Under this program, we 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. We are not obligated to repurchase a specific number of shares of our common stock under this program and it may be modified, suspended or discontinued at any time. During the second quarter of fiscal year 2026, we suspended repurchase activity under this program in contemplation of the Merger detailed in *Note 1 — Description of Business and Basis of Presentation*.

The following table summarizes total shares repurchased during the three and nine months ended December 31, 2025 and 2024:

	August 2022 Program		May 2024 Program		Total	
(In millions)	**Shares**	**Amount[a]**	**Shares**	**Amount[a]**	**Shares**	**Amount**
Three months ended December 31, 2025	—	$ —	—	$ —	—	$ —
Nine months ended December 31, 2025	—	$ —	5.3	$ 750	5.3	$ 750
Three months ended December 31, 2024	—	$ —	2.4	$ 375	2.4	$ 375
Nine months ended December 31, 2024	1.2	$ 152	6.7	$ 973	7.9	$ 1,125

[a]Amount excludes excise taxes. Accrued excise taxes are included in accounts payable, accrued, and other current liabilities and additional paid-in capital on the Condensed Consolidated Balance Sheets.

(13) EARNINGS PER SHARE

The following table summarizes the computations of basic earnings per share ("Basic EPS") and diluted earnings per share ("Diluted EPS"). Basic EPS is computed as net income divided by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock-based compensation plans including stock options, restricted stock units, market-based restricted stock units, performance-based restricted stock units, and ESPP purchase rights using the treasury stock method.

	Three Months Ended December 31,		Nine Months Ended December 31,	
(In millions, except per share amounts)	**2025**	**2024**	**2025**	**2024**
Net income	$ 88	$ 293	$ 426	$ 867
Shares used to compute earnings per share:				
Weighted-average common stock outstanding — basic	250	262	250	264
Dilutive potential common shares related to stock award plans	3	3	3	2
Weighted-average common stock outstanding — diluted	253	265	253	266
Earnings per share:				
Basic	$ 0.35	$ 1.12	$ 1.70	$ 3.28
Diluted	$ 0.35	$ 1.11	$ 1.68	$ 3.26

Certain restricted stock units, market-based restricted stock units and performance-based restricted stock units were excluded from the treasury stock method computation of diluted shares as their inclusion would have had an antidilutive effect. For both the three and nine months ended December 31, 2025 and 2024, one million such shares were excluded.

(14) SEGMENT AND REVENUE INFORMATION

Our reporting segment is based upon: our internal organizational structure; the manner in which our operations are managed; the criteria used by our Chief Executive Officer, our Chief Operating Decision Maker ("CODM"), to evaluate segment performance; the availability of separate financial information; and overall materiality considerations. As of December 31, 2025, we have one reportable segment, which represents our only operating segment. Our CODM makes decisions on resource allocation and assesses performance of the business based on our consolidated results, including net income.

The measure of segment assets are reported on the Condensed Consolidated Balance Sheets as total assets.

Information about our single reportable segment net revenue, net income, and significant segment expenses for the three and nine months ended December 31, 2025 and 2024 is presented below (in millions):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Net revenue	$ 1,901	$ 1,883	$ 5,411	$ 5,568
Less:				
Cost of revenue [1]	486	443	1,183	1,134
Research and development [1]	577	487	1,736	1,541
Marketing and sales [1]	340	237	831	686
General and administrative [1]	140	150	453	464
Acquisition-related expenses [2]	53	26	106	80
Restructuring and related charges	—	—	—	58
Stock-based compensation	178	163	504	480
Interest and other (income) expenses, net	(4)	(28)	(3)	(73)
Provision for income taxes	43	112	175	331
Net income	$ 88	$ 293	$ 426	$ 867

[1] Excludes amounts related to acquisition-related expenses, restructuring and related charges, and stock-based compensation, which are presented separately in the table above.
[2] Includes (i) amortization and impairment of intangibles, and (ii) fees and other direct expenses related to the Merger described in Note 1, which are recorded within General and administrative expenses in the Condensed Consolidated Statements of Operations.

Information about our total net revenue by timing of recognition for the three and nine months ended December 31, 2025 and 2024 is presented below (in millions):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Net revenue by timing of recognition				
Revenue recognized at a point in time	$ 634	$ 747	$ 1,884	$ 2,036
Revenue recognized over time	1,267	1,136	3,527	3,532
Net revenue	$ 1,901	$ 1,883	$ 5,411	$ 5,568

Generally, performance obligations that are recognized upfront upon transfer of control are classified as revenue recognized at a point in time, while performance obligations that are recognized over either the period in which we offer to provide future update rights and/or online hosting for the game and related extra content sold ("Estimated Offering Period"), contractual term or subscription period as the services are provided are classified as revenue recognized over time.

Revenue recognized at a point in time includes revenue allocated to the software license performance obligation. This also includes a portion of revenue from the licensing of software to third-parties.

Revenue recognized over time includes service revenue allocated to the future update rights and the online hosting performance obligations. This also includes sales of extra content associated with our online-hosted services such as our *Ultimate Team* game mode, revenue allocated to the future update rights from licensing of software to third-parties, subscription services, and revenue recognized from third parties that publish games and services under a license to certain of our intellectual property assets.

Information about our total net revenue by composition for the three and nine months ended December 31, 2025 and 2024 is presented below (in millions):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Net revenue by composition				
Full game downloads	$ 546	$ 446	$ 1,180	$ 1,111
Packaged goods	86	153	359	454
Full game	632	599	1,539	1,565
Live services and other	1,269	1,284	3,872	4,003
Net revenue	$ 1,901	$ 1,883	$ 5,411	$ 5,568

Full game net revenue includes full game downloads and packaged goods. Full game downloads primarily include revenue from digital sales of full games on console, PC, and certain licensing revenue. Packaged goods primarily include revenue from full games that are sold physically through distribution arrangements, mass market retailers, and specialty stores.

Live services and other net revenue primarily includes revenue from sales of extra content for console, PC, and mobile games, certain licensing revenue, subscriptions, and advertising.

Information about our total net revenue by platform for the three and nine months ended December 31, 2025 and 2024 is presented below (in millions):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Platform net revenue				
Console	$ 1,182	$ 1,215	$ 3,401	$ 3,594
PC and other	465	392	1,191	1,121
Mobile	254	276	819	853
Net revenue	$ 1,901	$ 1,883	$ 5,411	$ 5,568

Information about our operations in North America and internationally for the three and nine months ended December 31, 2025 and 2024 is presented below (in millions):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Net revenue from unaffiliated customers				
North America	$ 764	$ 781	$ 2,176	$ 2,296
International	1,137	1,102	3,235	3,272
Net revenue	$ 1,901	$ 1,883	$ 5,411	$ 5,568

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors

Electronic Arts Inc.:

Results of Review of Interim Financial Information

We have reviewed the condensed consolidated balance sheet of Electronic Arts Inc. and subsidiaries (the Company) as of December 27, 2025, the related condensed consolidated statements of operations, comprehensive income, and stockholders' equity for the three-month and nine-month periods ended December 27, 2025 and December 28, 2024, the related condensed consolidated statements of cash flows for the nine-month periods ended December 27, 2025 and December 28, 2024, and the related notes (collectively, the consolidated interim financial information). Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial information for it to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of March 29, 2025, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated May 13, 2025, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of March 29, 2025 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This consolidated interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with the standards of the PCAOB. A review of consolidated interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ KPMG LLP

Santa Clara, California

February 3, 2026

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. We use words such as "anticipate", "believe", "expect", "intend", "estimate", "plan", "predict", "seek", "goal", "will", "may", "likely", "should", "could", "continue", "potential" (and the negative of any of these terms), "future" and similar expressions to identify forward-looking statements. In addition, any statements that refer to projections of our future financial performance, trends in our business, projections of markets relevant to our business, the Merger (as defined herein), uncertain events and assumptions and other characterizations of future events or circumstances are forward-looking statements. Forward-looking statements consist of, among other things, statements related to our business, operations and financial results, industry prospects, our future financial performance, and our business plans and objectives, and may include certain assumptions that underlie the 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. Factors that might cause or contribute to such differences include those discussed in Part II, Item 1A of this Quarterly Report under the heading "Risk Factors", as well as in other documents we have filed with the Securities and Exchange Commission ("SEC"), including our Annual Report on Form 10-K for the fiscal year ended March 31, 2025. We assume no obligation to revise or update any forward-looking statement for any reason, except as required by law.

OVERVIEW

The following overview is a high-level discussion of our operating results, as well as some of the trends and drivers that affect our business. Management believes that an understanding of these trends and drivers provides important context for our results for the three months ended December 31, 2025, as well as our future prospects. This summary is not intended to be exhaustive, nor is it intended to be a substitute for the detailed discussion and analysis provided elsewhere in this Form 10-Q, including in the remainder of "Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")," "Risk Factors," and the Condensed Consolidated Financial Statements and related Notes. Additional information can be found in the "Business" section of our Annual Report on Form 10-K for the fiscal year ended March 31, 2025 as filed with the SEC on May 13, 2025 and in other documents we have filed with the SEC.

Proposed Merger

On September 28, 2025, we entered into a Merger Agreement pursuant to and subject to the terms and conditions of which we will be acquired by the Consortium. For further details on this proposed transaction, see Note 1 of the Condensed Consolidated Financial Statements and "Part II—Item 1A. Risk Factors" contained elsewhere in this Form 10-Q.

About Electronic Arts

Electronic Arts is a global leader in digital interactive entertainment. We develop, market, publish and deliver games, content and services that can be experienced on game consoles, PCs, and mobile devices. We create innovative games and experiences that deliver high-quality interactive entertainment and drive engagement across our global network of hundreds of millions of players. Through our live services offerings, we offer high-quality experiences designed to provide value to players and extend and enhance gameplay. These live services include extra content, subscription offerings and other revenue generated in addition to the sale of our full games. We are focusing on building games and experiences that grow the global online communities around our key franchises; deepening engagement through connecting interactive storytelling to key intellectual property; and harnessing our communities to grow in, around, and beyond our games.

Financial Results

Our key financial results for our fiscal quarter ended December 31, 2025 were as follows:

- Total net revenue was $1,901 million, up 1 percent year-over-year.
- Live services and other net revenue was $1,269 million, down 1 percent year-over-year.
- Gross margin was 73.8 percent, down 2 percentage points year-over-year.
- Operating expenses were $1,276 million, up 22 percent year-over-year.
- Operating income was $127 million, down 66 percent year-over-year.
- Net income was $88 million with diluted earnings per share of $0.35.
- Net cash provided by operating activities was $1,826 million, up 55 percent year-over-year.
- Total cash, cash equivalents and short-term investments were $2,899 million.
- We returned $47 million to stockholders through our quarterly cash dividend program.

Trends in Our Business

Live Services Business. We offer our players high-quality experiences designed to provide value to players and to extend and enhance gameplay. These live services include extra content, subscription offerings and other revenue generated in addition to the sale of our full games and free-to-play games. Our net revenue attributable to live services and other was $5,330 million, $5,449 million, and $5,603 million for the trailing twelve months ended December 31, 2025, 2024, and 2023, respectively, and we expect that live services net revenue will continue to be material to our business. Within live services and other, net revenue attributable to extra content was $4,116 million, $4,379 million, and $4,436 million for the trailing twelve months ended December 31, 2025, 2024, and 2023, respectively. Growth in live services net revenue, including extra content may not be linear due to the competitive landscape, consumer buying patterns, and other factors. Our most popular live services are the extra content in the *Ultimate Team* mode associated with our sports franchises. *Ultimate Team* allows players to collect current and former players in order to build and compete as a personalized team. Live services net revenue generated from extra content purchased within *Ultimate Team*, a substantial portion of which was derived from FC *Ultimate Team*, is material to our business.

Digital Delivery of Games. In our industry, players increasingly purchase games digitally as opposed to purchasing physical discs. While this trend, as applied to our business, may not be linear due to a mix of products during a fiscal year, consumer buying patterns and other factors, over time we expect players to continue to purchase a higher proportion of our games digitally. As a result, we expect net revenue attributable to digital full game downloads to increase over time and net revenue attributable to sales of packaged goods to decrease.

Our net revenue attributable to digital full game downloads was $1,478 million, $1,343 million, and $1,262 million during fiscal years 2025, 2024, and 2023, respectively; while our net revenue attributable to packaged goods sales was $524 million, $672 million, and $675 million in fiscal years 2025, 2024, and 2023, respectively. In addition, as measured based on total units sold on Microsoft's Xbox One and Xbox Series X and Sony's PlayStation 4 and 5 rather than by net revenue, we estimate that 78 percent, 73 percent, and 68 percent of our total units sold during fiscal years 2025, 2024, and 2023, were sold digitally. Digital full game units are based on sales information provided by Microsoft and Sony; packaged goods units sold through are estimated by obtaining data from significant retail and distribution partners in North America, Europe and Asia, and applying internal sales estimates with respect to retail partners from which we do not obtain data. We believe that these percentages are reasonable estimates of the proportion of our games that are digitally downloaded in relation to our total number of units sold for the applicable period of measurement.

Increases in consumer adoption of digital purchase of games combined with increases in our live services revenue generally results in expansion of our gross margin, as costs associated with selling a game digitally are generally less than selling the same game through traditional retail and distribution channels.

Increased Competition. Competition in our business is intense. Our competitors range from established interactive entertainment companies to emerging start-ups. In addition, we compete with large, diversified companies that have strengthened their interactive entertainment capabilities. Our competitors have access to certain resources such as larger budgets, tools, technologies, or IP portfolios that can lead to greater consumer success and shift player time and engagement away from our products and services. In addition, our leading position within the interactive entertainment industry makes us a prime target for recruiting our executives, as well as key creative and technical talent, resulting in retention challenges and increased cost to retain and incentivize our key people.

Concentration of Sales Among the Most Popular Games. In our industry, we see a large portion of games sales concentrated on the most popular titles. Similarly, a significant portion of our revenue has been derived from games based on a few popular titles, such as EA SPORTS FC, EA SPORTS College Football, EA SPORTS Madden NFL, *Apex Legends*, Battlefield, and The Sims. In particular, we have historically derived a significant portion of our net revenue from our global football franchise, the annualized version of which is consistently one of the best-selling games in the marketplace.

Net Bookings. In order to improve transparency into our business, we disclose an operating performance metric, net bookings. 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.

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
(In millions)	**2025**	**2024**	**2025**	**2024**
Net revenue	$ 1,901	$ 1,883	$ 5,411	$ 5,568
Change in deferred net revenue (online-enabled games)	1,145	332	751	(12)
Net bookings	$ 3,046	$ 2,215	$ 6,162	$ 5,556

Net bookings were $3,046 million for the three months ended December 31, 2025, primarily driven by sales related to our global football, Battlefield, and American football franchises. Net bookings increased $831 million, or 38 percent, as compared to the three months ended December 31, 2024, primarily due to the release of *Battlefield 6* and a year-over-year increase in sales from our global football franchise, partially offset by a decrease in sales from the prior year release of *Dragon Age: The Veilguard*. Live services and other net bookings were $1,904 million for the three months ended December 31, 2025, and increased $322 million, or 20 percent, as compared to the three months ended December 31, 2024. The increase in live services and other net bookings was primarily due to increased sales of extra content from *Ultimate Team* within our global football franchise and from *Battlefield 6,* partially offset by decreased sales of extra content from *Ultimate Team* within EA SPORTS College Football and *The Sims 4*. Full game net bookings were $1,142 million for the three months ended December 31, 2025, and increased $509 million, or 80 percent, as compared to the three months ended December 31, 2024, primarily due to the release of *Battlefield 6,* partially offset by the prior year release of *Dragon Age: The Veilguard* and a year-over-year decline in EA SPORTS FC.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The preparation of these Condensed Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and liabilities, and revenue and expenses during the reporting periods. The policies discussed below are considered by management to be critical because they are not only important to the portrayal of our financial condition and results of operations, but also because application and interpretation of these policies requires both management judgment and estimates of matters that are inherently uncertain and unknown. As a result, actual results may differ materially from our estimates.

Revenue Recognition

We derive revenue principally from sales of our games, and related extra content and services that can be experienced on game consoles, PCs, and mobile devices. Our product and service offerings include, but are not limited to, the following:

- full games with both online and offline functionality ("Games with Services"), which generally includes (1) the initial game delivered digitally or via physical disc at the time of sale and typically provide access to offline core game content ("software license"); (2) updates on a when-and-if-available basis, such as software patches or updates, and/or additional free content to be delivered in the future ("future update rights"); and (3) a hosted connection for online playability ("online hosting");
- full games with online-only functionality which require an Internet connection to access all gameplay and functionality ("Online-Hosted Service Games");
- extra content related to Games with Services and Online-Hosted Service Games which provides access to additional in-game content;
- subscriptions, such as EA Play and EA Play Pro, that generally offer access to a selection of full games, in-game content, online services and other benefits typically for a recurring monthly or annual fee; and
- licensing to third parties to distribute and host our games and content.

We evaluate and recognize revenue by:

- identifying the contract(s) with the customer;
- identifying the performance obligations in the contract;
- determining the transaction price;
- allocating the transaction price to performance obligations in the contract; and
- recognizing revenue as each performance obligation is satisfied through the transfer of a promised good or service to a customer (i.e., "transfer of control").

Certain of our full game and/or extra content are sold to resellers with a contingency that the full game and/or extra content cannot be resold prior to a specific date ("Street Date Contingency"). We recognize revenue for transactions that have a Street Date Contingency when the Street Date Contingency is removed and the full game and/or extra content can be resold by the reseller. For digital full game and/or extra content downloads sold to customers, we recognize revenue when the full game and/or extra content is made available for download to the customer.

Online-Enabled Games

Games with Services. Our sales of Games with Services are evaluated to determine whether the software license, future update rights and the online hosting are distinct and separable. Sales of Games with Services are generally determined to have three distinct performance obligations: software license, future update rights, and the online hosting.

Since we do not sell the performance obligations on a stand-alone basis, we consider market conditions and other observable inputs to estimate the stand-alone selling price for each performance obligation. For Games with Services, generally 75 percent of the sales price is allocated to the software license performance obligation and recognized at a point in time when control of the license has been transferred to the customer. The remaining 25 percent is allocated to the future update rights and the online hosting performance obligations and recognized ratably as the service is provided (over the Estimated Offering Period).

Online-Hosted Service Games. Sales of our Online-Hosted Service Games are determined to have one distinct performance obligation: the online hosting service. We recognize revenue from these arrangements ratably as the service is provided (over the Estimated Offering Period).

Extra Content. Revenue received from sales of downloadable content are derived primarily from the sale of virtual currencies and digital in-game content that are designed to extend and enhance players' game experience. Sales of extra content are accounted for in a manner consistent with the treatment for our Games with Services and Online-Hosted Service Games as discussed above, depending upon whether or not the extra content has offline functionality. That is, if the extra content has offline functionality, then the extra content is accounted for similarly to Games with Services (generally determined to have three distinct performance obligations: software license, future update rights, and the online hosting). If the extra content does not have offline functionality, then the extra content is determined to have one distinct performance obligation: the online-hosted service.

Subscriptions

Sales of our subscriptions are determined to have one performance obligation: the online hosting. We recognize revenue from these arrangements ratably over the subscription term as the performance obligation is satisfied.

Licensing Revenue

We utilize third-party licensees to distribute and host our games and content in accordance with license agreements, for which the licensees typically pay us a fixed minimum guarantee and/or sales-based royalties. These arrangements typically include multiple performance obligations, such as a time-based license of software and future update rights. We recognize as revenue a portion of the minimum guarantee when we transfer control of the license of software (generally upon commercial launch) and the remaining portion ratably over the contractual term in which we provide the licensee with future update rights. Any sales-based royalties are generally recognized as the related sales occur by the licensee.

Significant Judgments around Revenue Arrangements

Identifying performance obligations. Performance obligations promised in a contract are identified based on the goods and services that will be transferred to the customer that are both capable of being distinct, (i.e., the customer can benefit from the goods or services either on its own or together with other resources that are readily available), and are distinct in the context of the contract (i.e., it is separately identifiable from other goods or services in the contract). To the extent a contract includes multiple promises, we must apply judgment to determine whether those promises are separate and distinct performance obligations. If these criteria are not met, the promises are accounted for as a combined performance obligation.

Determining the transaction price. The transaction price is determined based on the consideration that we will be entitled to receive in exchange for transferring our goods and services to the customer. Determining the transaction price often requires judgment, based on an assessment of contractual terms and business practices. It further includes review of variable consideration such as discounts, sales returns, price protection, and rebates, which is estimated at the time of the transaction. In addition, the transaction price does not include an estimate of the variable consideration related to sales-based royalties. Sales-based royalties are recognized as the sales occur.

Allocating the transaction price. Allocating the transaction price requires that we determine an estimate of the relative stand-alone selling price for each distinct performance obligation. Determining the relative stand-alone selling price is inherently subjective, especially in situations where we do not sell the performance obligation on a stand-alone basis (which occurs in the majority of our transactions). In those situations, we determine the relative stand-alone selling price based on various observable inputs using all information that is reasonably available. Examples of observable inputs and information include: historical internal pricing data, cost plus margin analysis, pre-release versus post-release costs, and pricing data from competitors to the extent the data is available. The results of our analysis resulted in a specific percentage of the transaction price being allocated to each performance obligation.

Determining the Estimated Offering Period. The offering period is the period in which we offer to provide the future update rights and/or online hosting for the game and related extra content sold. Because the offering period is not an explicitly defined period, we must make an estimate of the offering period for the service-related performance obligations (i.e., future update rights and/or online hosting). Determining the Estimated Offering Period is inherently subjective and is subject to regular revision. Generally, we consider the average period of time customers are online when estimating the offering period. We also consider the estimated period of time between the date a game unit is sold to a reseller and the date the reseller sells the game

unit to the customer (i.e., time in channel). Based on these two factors, we then consider the method of distribution. For example, games and extra content sold at retail would have a composite offering period equal to the online gameplay period plus time in channel as opposed to digitally-distributed games and extra content which are delivered immediately via digital download and therefore, the offering period is estimated to be only the online gameplay period.

Additionally, we consider results from prior analyses, known and expected online gameplay trends, as well as disclosed service periods for competitors' games in determining the Estimated Offering Period for future sales. We believe this provides a reasonable depiction of the transfer of future update rights and online hosting to our customers, as it is the best representation of the time period during which our games and extra content are experienced. We recognize revenue for future update rights and online hosting performance obligations ratably on a straight-line basis over this period as there is a consistent pattern of delivery for these performance obligations. Revenue for service-related performance obligations for digitally-distributed games and extra content is recognized over an estimated eight-month period beginning in the month of sale, and revenue for service-related performance obligations for games and extra content sold through retail is recognized over an estimated ten-month period beginning in the month of sale. Prior to July 1, 2025, revenue for service-related performance obligations related to our mobile free-to-play and PC and console free-to-play games was recognized generally over eight and twelve-month periods, respectively, beginning in the month of sale.

During the three months ended September 30, 2025, we completed our annual evaluation of the Estimated Offering Period, and as a result, for sales beginning July 1, 2025, the revenue that we recognize for service-related performance obligation related to our mobile free-to-play and PC and console free-to-play games is recognized generally over an eleven-month period beginning in the month of sale. This change in Estimated Offering Period did not impact the amount of net bookings or the operating cash flows that we report. We expect that this change will move the recognition of approximately $74 million in net revenue from fiscal year 2026 into fiscal year 2027. During the three months ended December 31, 2025 this change to our Estimated Offering Period resulted in an estimated decrease in net revenue of $25 million and net income of $19 million, and a decrease of $0.08 diluted earnings per share. During the nine months ended December 31, 2025 this change to our Estimated Offering Period resulted in an estimated decrease in net revenue of $33 million and net income of $25 million, and a decrease of $0.10 diluted earnings per share.

Principal Agent Considerations

We evaluate sales to end customers of our full games and related content via third-party storefronts, including digital storefronts such as Microsoft's Xbox Store, Sony's PlayStation Store, Apple App Store, and Google Play Store, in order to determine whether or not we are acting as the principal in the sale to the end customer, which we consider in determining if revenue should be reported gross or net of fees retained by the third-party storefront. An entity is the principal if it controls a good or service before it is transferred to the end customer. Key indicators that we evaluate in determining gross versus net treatment include but are not limited to the following:

- the underlying contract terms and conditions between the various parties to the transaction;
- which party is primarily responsible for fulfilling the promise to provide the specified good or service to the end customer;
- which party has discretion in establishing the price for the specified good or service; and
- which party has title risk before the specified good or service has been transferred to the end customer.

Based on an evaluation of the above indicators, except as discussed below, we have determined that generally the third party is considered the principal to end customers for the sale of our full games and related content. We therefore report revenue related to these arrangements net of the fees retained by the storefront. However, for sales arrangements via Apple App Store and Google Play Store, EA is considered the principal to the end customer and thus, we report revenue on a gross basis and mobile platform fees are reported within cost of revenue.

Income Taxes

We recognize deferred tax assets and liabilities for both (1) the expected impact of differences between the financial statement amount and the tax basis of assets and liabilities and (2) the expected future tax benefit to be derived from tax losses and tax credit carryforwards. We do not recognize any deferred taxes related to the U.S. taxes on foreign earnings as we recognize these taxes as a period cost.

We record a valuation allowance against deferred tax assets when it is considered more likely than not that all or a portion of our deferred tax assets will not be realized. In making this determination, we are required to give significant weight to evidence that can be objectively verified. It is generally difficult to conclude that a valuation allowance is not needed when there is significant negative evidence, such as cumulative losses in recent years. Forecasts of future taxable income are considered to be less objective than past results. Therefore, cumulative losses weigh heavily in the overall assessment.

In addition to considering forecasts of future taxable income, we are also required to evaluate and quantify other possible sources of taxable income in order to assess the realization of our deferred tax assets, namely the reversal of existing deferred tax liabilities, the carryback of losses and credits as allowed under current tax law, and the implementation of tax planning strategies. Evaluating and quantifying these amounts involves significant judgments. Each source of income must be evaluated based on all positive and negative evidence and this evaluation may involve assumptions about future activity. Certain taxable temporary differences that are not expected to reverse during the carry forward periods permitted by tax law cannot be considered as a source of future taxable income that may be available to realize the benefit of deferred tax assets.

Every quarter, we perform a realizability analysis to evaluate whether it is more likely than not that all or a portion of our deferred tax assets will not be realized. Our Swiss deferred tax asset realizability analysis relies upon future Swiss taxable income, and considers all available sources of Swiss income based on positive and negative evidence. We give more weight to evidence that can be objectively verified. However, estimating future Swiss taxable income requires judgment, specifically related to assumptions about expected growth rates of future Swiss taxable income, which are based primarily on third party market and industry growth data. Actual results that differ materially from those estimates could have a material impact on our valuation allowance assessment. Swiss interest rates have an impact on the valuation allowance and are based on published Swiss guidance, which generally occurs in the fourth quarter of our fiscal year. Any significant changes to such interest rates could result in a material impact to the valuation allowance and to our Condensed Consolidated Financial Statements. We have adjusted our valuation allowance for changes in the published interest rates in the past and we may do so again in the future. Switzerland has a seven-year carryforward period and does not permit the carry back of losses. Actions we take in connection with acquisitions could also impact the utilization of our Swiss deferred tax asset.

As part of the process of preparing our Condensed Consolidated Financial Statements, we are required to estimate our income taxes in each jurisdiction in which we operate prior to the completion and filing of tax returns for such periods. This process requires estimating both our geographic mix of income and our uncertain tax positions in each jurisdiction where we operate. These estimates require us to make judgments about the likely application of the tax law to our situation, as well as with respect to other matters, such as anticipating the positions that we will take on tax returns prior to preparing the returns and the outcomes of disputes with tax authorities. The ultimate resolution of these issues may take extended periods of time due to examinations by tax authorities and statutes of limitations. In addition, changes in our business, including acquisitions, changes in our international corporate structure, changes in the geographic location of business functions or assets, changes in the geographic mix and amount of income, as well as changes in our agreements with tax authorities, valuation allowances, applicable accounting rules, applicable tax laws and regulations, rulings and interpretations thereof, developments in tax audit and other matters, and variations in the estimated and actual level of annual pre-tax income can affect the overall effective tax rate.

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

The information under the subheading “Other Recently Issued Accounting Standards” in *Note 1 — Description of Business and Basis of Presentation* to the Condensed Consolidated Financial Statements in this Form 10-Q is incorporated by reference into this Item 2.

RESULTS OF OPERATIONS

Our fiscal year is reported on a 52- or 53-week period that ends on the Saturday nearest March 31. Our results of operations for the fiscal year ending March 31, 2026 contains 52 weeks and ends on March 28, 2026. Our results of operations for the fiscal year ended March 31, 2025 contained 52 weeks and ended on March 29, 2025. Our results of operations for the three and nine months ended December 31, 2025 contained 13 weeks and 39 weeks, respectively, and ended on December 27, 2025. Our results of operations for the three and nine months ended December 31, 2024 contained 13 weeks and 39 weeks, respectively, and ended on December 28, 2024. For simplicity of disclosure, all fiscal periods are referred to as ending on a calendar month end.

Net Revenue

Net revenue consists of sales generated from (1) full games sold as digital downloads or as packaged goods and designed for play on game consoles and PCs, (2) live services which primarily includes sales of extra content for console, PC, and mobile games, (3) subscriptions that generally offer access to a selection of full games, in-game content, online services and other benefits, and (4) licensing our games to third parties to distribute and host our games and content.

Net Revenue Quarterly Analysis

Net Revenue

Net revenue for the three months ended December 31, 2025 was $1,901 million, primarily driven by sales related to our global football, Battlefield, and American football franchises. Net revenue for the three months ended December 31, 2025 increased $18 million as compared to the three months ended December 31, 2024. This increase was driven by a $264 million increase in net revenue primarily due to the release of *Battlefield 6*, partially offset by a $246 million decrease in net revenue primarily due to the prior year release of *Dragon Age: The Veilguard,* our American football and global football franchises, and decreased sales of extra content for *Apex Legends.*

Net Revenue by Composition

Our net revenue by composition for the three months ended December 31, 2025 and 2024 was as follows (in millions):

	Three Months Ended December 31,			
	2025	2024	$ Change	% Change
Net revenue:				
Full game downloads	$ 546	$ 446	$ 100	22 %
Packaged goods	86	153	(67)	(44) %
Full game	$ 632	$ 599	$ 33	6 %
Live services and other	$ 1,269	$ 1,284	$ (15)	(1) %
Total net revenue	$ 1,901	$ 1,883	$ 18	1 %

Full Game Net Revenue

Full game net revenue includes full game downloads and packaged goods. Full game downloads primarily include revenue from digital sales of full games on console, PC, and certain licensing revenue. Packaged goods primarily include revenue from full games that are sold physically through distribution arrangements, mass market retailers, and specialty stores.

For the three months ended December 31, 2025, full game net revenue was $632 million, primarily driven by *EA SPORTS FC 26, Battlefield 6,* and *EA SPORTS Madden NFL 26.* Full game net revenue for the three months ended December 31, 2025 increased $33 million, or 6 percent, as compared to the three months ended December 31, 2024, primarily due to the release of *Battlefield 6*, partially offset by the prior year release of *Dragon Age: The Veilguard* and year-over-year declines in EA SPORTS FC and EA SPORTS College Football.

Live Services and Other Net Revenue

Live services and other net revenue primarily includes revenue from sales of extra content for console, PC, and mobile games, certain licensing revenue, subscriptions, and advertising.

For the three months ended December 31, 2025, live services and other net revenue was $1,269 million, primarily driven by sales of extra content for our global football, American football, and The Sims franchises. Live services and other net revenue for the three months ended December 31, 2025 decreased $15 million, or 1 percent, as compared to the three months ended December 31, 2024. This decrease was primarily driven by decreased sales of extra content for *Apex Legends* and *The Sims 4*, partially offset by sales of extra content from *Battlefield 6*.

Net Revenue Year-to-Date Analysis

Net Revenue

Net revenue for the nine months ended December 31, 2025 was $5,411 million, primarily driven by sales related to our global football, American football, and The Sims franchises. Net revenue for the nine months ended December 31, 2025 decreased $157 million as compared to the nine months ended December 31, 2024. This decrease was driven by a $523 million decrease in net revenue primarily due to sales of extra content for *Apex Legends,* a decrease in net revenue from our American football and global football franchises, and the prior year release of *Dragon Age: The Veilguard,* partially offset by a $366 million increase in net revenue primarily driven by the release of *Battlefield 6*.

Net Revenue by Composition

Our net revenue by composition for the nine months ended December 31, 2025 and 2024 was as follows (in millions):

	Nine Months Ended December 31,			
	2025	2024	$ Change	% Change
Net revenue:				
Full game downloads	$ 1,180	$ 1,111	$ 69	6 %
Packaged goods	359	454	(95)	(21) %
Full game	$ 1,539	$ 1,565	$ (26)	(2) %
Live services and other	$ 3,872	$ 4,003	$ (131)	(3) %
Total net revenue	$ 5,411	$ 5,568	$ (157)	(3) %

Full Game Net Revenue

For the nine months ended December 31, 2025, full game net revenue was $1,539 million, primarily driven by *EA SPORTS FC 26, Battlefield 6, EA SPORTS FC 25, EA SPORTS Madden NFL 26,* and *EA SPORTS College Football 26*. Full game net revenue for the nine months ended December 31, 2025 decreased $26 million, or 2 percent, as compared to the nine months ended December 31, 2024, primarily due to year-over-year declines in EA SPORTS College Football and EA SPORTS FC, partially offset by the release of *Battlefield 6*.

Live Services and Other Net Revenue

For the nine months ended December 31, 2025, live services and other net revenue was $3,872 million, primarily driven by sales of extra content for our global football, American football, and The Sims franchises. Live services and other net revenue for the nine months ended December 31, 2025 decreased $131 million, or 3 percent, as compared to the nine months ended December 31, 2024. This decrease was primarily driven by decreased sales of extra content for *Apex Legends* and *Ultimate Team* within EA SPORTS Madden NFL, partially offset by an increase in net revenue primarily due to sales of extra content from *Ultimate Team* within EA SPORTS College Football.

Cost of Revenue Quarterly Analysis

Cost of revenue consists of (1) certain royalty expenses for sports organizations, movie studios, independent software developers, and others (2) mobile platform fees associated with our mobile revenue (for transactions in which we are acting as

the principal in the sale to the end customer), (3) data center, bandwidth and server costs associated with hosting our online games and websites, (4) inventory costs, including manufacturing royalties, (5) payment processing fees, (6) amortization and impairments of certain intangible assets, and (7) personnel-related costs.

Cost of revenue for the three months ended December 31, 2025 and 2024 was as follows (in millions):

December 31, 2025	% of Net Revenue	December 31, 2024	% of Net Revenue	% Change	Change as a % of Net Revenue
$ 498	26 %	$ 456	24 %	9 %	2 %

Cost of Revenue

Cost of revenue increased by $42 million, and cost of revenue as a percentage of total net revenue increased by 2 percent during the three months ended December 31, 2025, as compared to the three months ended December 31, 2024. This increase was primarily due to higher online hosting fees, primarily driven by the release of *Battlefield 6,* and a net increase in royalty costs primarily due to impacts from foreign exchange.

Cost of Revenue Year-to-Date Analysis

Cost of revenue for the nine months ended December 31, 2025 and 2024 was as follows (in millions):

December 31, 2025	% of Net Revenue	December 31, 2024	% of Net Revenue	% Change	Change as a % of Net Revenue
$ 1,220	23 %	$ 1,175	21 %	4 %	1 %

Cost of Revenue

Cost of revenue increased by $45 million during the nine months ended December 31, 2025, as compared to the nine months ended December 31, 2024, primarily due to a net increase in royalty costs driven by the mix of sales from royalty-bearing titles and impacts from foreign exchange. This increase was partially offset by a decrease in product-related costs primarily due to our American football and global football franchises, partially offset by *Battlefield 6*.

Research and Development

Research and development expenses consist of expenses incurred by our production studios for personnel-related costs, related overhead costs, external third-party development costs, contracted services, and depreciation. Research and development expenses for our online products include expenses incurred by our studios consisting of direct development and related overhead costs in connection with the development and production of our online games. Research and development expenses also include expenses associated with our digital platform, software licenses and maintenance, and management overhead.

Research and development expenses for the three and nine months ended December 31, 2025 and 2024 were as follows (in millions):

	December 31, 2025	% of Net Revenue	December 31, 2024	% of Net Revenue	$ Change	% Change
Three months ended	$ 704	37 %	$ 606	32 %	$ 98	16 %
Nine months ended	$ 2,096	39 %	$ 1,883	34 %	$ 213	11 %

Research and development expenses increased by $98 million, or 16 percent, during the three months ended December 31, 2025, as compared to the three months ended December 31, 2024. This increase was primarily due to a $61 million increase in personnel-related costs driven by an increase in variable compensation, and related expenses as part of our continued investment in our studios, a $12 million increase in digital infrastructure costs, and an $8 million increase in studio-related contracted services.

Research and development expenses increased by $213 million, or 11 percent, during the nine months ended December 31, 2025, as compared to the nine months ended December 31, 2024. This increase was primarily due to a $113 million increase in personnel-related costs as part of our continued investment in our studios, and an increase in variable compensation, a $44 million increase in studio-related contracted services, and a $39 million increase in digital infrastructure costs.

Marketing and Sales

Marketing and sales expenses consist of advertising, marketing and promotional expenses, personnel-related costs, and related overhead costs.

Marketing and sales expenses for the three and nine months ended December 31, 2025 and 2024 were as follows (in millions):

	December 31, 2025	% of Net Revenue	December 31, 2024	% of Net Revenue	$ Change	% Change
Three months ended	$ 356	19 %	$ 251	13 %	$ 105	42 %
Nine months ended	$ 874	16 %	$ 728	13 %	$ 146	20 %

Marketing and sales expenses increased by $105 million, or 42 percent, during the three months ended December 31, 2025, as compared to the three months ended December 31, 2024. This increase was primarily due to higher advertising and marketing spending related to the release of *Battlefield 6*, partially offset by a decrease in advertising and marketing spending for the prior year release of *Dragon Age: The Veilguard.*

Marketing and sales expenses increased by $146 million, or 20 percent, during the nine months ended December 31, 2025, as compared to the nine months ended December 31, 2024. This increase was primarily due to higher advertising and marketing spending related to release of *Battlefield 6*, partially offset by a decrease in advertising and marketing spending for *Apex Legends* and the prior year release of *Dragon Age: The Veilguard*.

General and Administrative

General and administrative expenses consist of personnel and related expenses of executive and administrative staff, corporate functions such as finance, legal, human resources, and information technology ("IT"), related overhead costs, fees for professional services, and allowances for doubtful accounts.

General and administrative expenses for the three and nine months ended December 31, 2025 and 2024 were as follows (in millions):

	December 31, 2025	% of Net Revenue	December 31, 2024	% of Net Revenue	$ Change	% Change
Three months ended	$ 199	10 %	$ 176	9 %	$ 23	13 %
Nine months ended	$ 572	11 %	$ 553	10 %	$ 19	3 %

General and administrative expenses increased by $23 million, or 13 percent, during the three months ended December 31, 2025, as compared to the three months ended December 31, 2024. This increase was primarily due to $27 million of fees and other direct expenses related to the Merger described in Note 1, partially offset by a $6 million decrease in IT related costs.

General and administrative expenses increased by $19 million, or 3 percent, during the nine months ended December 31, 2025, as compared to the nine months ended December 31, 2024. This increase was primarily due to $27 million of fees and other direct expenses related to the Merger, partially offset by a $6 million decrease in contracted services.

Income Taxes

On July 4, 2025, the United States enacted OBBB which extended or modified certain corporate tax provisions under the 2017 TCJA. The changes resulting from the tax provisions of OBBB are not expected to have a material impact on our results of operations.

Provision for income taxes for the three and nine months ended December 31, 2025 and 2024 were as follows (in millions):

	December 31, 2025	Effective Tax Rate	December 31, 2024	Effective Tax Rate	$ Change
Three months ended	$ 43	33 %	$ 112	28 %	$ (69)
Nine months ended	$ 175	29 %	$ 331	28 %	$ (156)

The provision for income taxes for the three and nine months ended December 31, 2025 is based on our projected annual effective tax rate for fiscal year 2026, adjusted for specific items that are required to be recognized in the period in which they are incurred. The increase in the three and nine months effective tax rate year-over-year is primarily due to Pillar II global minimum tax impacts, partially offset by a net periodic tax benefit from higher excess stock-based compensation.

LIQUIDITY AND CAPITAL RESOURCES

(In millions)	As of December 31, 2025	As of March 31, 2025	Increase/(Decrease)
Cash and cash equivalents	$ 2,784	$ 2,136	$ 648
Short-term investments	115	112	3
Total	$ 2,899	$ 2,248	$ 651
Percentage of total assets	22 %	18 %	

	Nine Months Ended December 31,		
(In millions)	2025	2024	Change
Net cash provided by operating activities	$ 1,973	$ 1,530	$ 443
Net cash used in investing activities	(214)	(177)	(37)
Net cash used in financing activities	(1,133)	(1,452)	319
Effect of foreign exchange on cash and cash equivalents	22	(25)	47
Net increase (decrease) in cash and cash equivalents	$ 648	$ (124)	$ 772

Changes in Cash Flow

Operating Activities. Net cash provided by operating activities increased by $443 million during the nine months ended December 31, 2025, as compared to the nine months ended December 31, 2024, primarily driven by higher cash collections from sales and lower cash payments for income taxes, partially offset by higher personnel-related payments, lower cash inflows from hedging activities, and higher marketing and advertising payments.

Investing Activities. Net cash used in investing activities increased by $37 million during the nine months ended December 31, 2025, as compared to the nine months ended December 31, 2024, primarily driven by lower proceeds from maturities and sales of short-term investments and acquisition-related payments, partially offset by reduced purchases of short-term and other investments.

Financing Activities. Net cash used in financing activities decreased by $319 million during the nine months ended December 31, 2025, as compared to the nine months ended December 31, 2024, primarily driven by a $364 million decrease in cash paid for common stock repurchases and related excise taxes, partially offset by a $55 million increase in cash paid to taxing authorities in connection with withholding taxes for stock-based compensation.

Short-term Investments

Due to our mix of fixed and variable rate securities, our short-term investment portfolio is susceptible to changes in short-term interest rates. As of December 31, 2025, our short-term investments had net unrealized gains of less than $1 million or less than

1 percent of total short-term investments. From time to time, we may liquidate some or all of our short-term investments to fund operational needs or other activities, such as capital expenditures, business acquisitions or debt repayment obligations.

Senior Notes

In February 2021, we issued $750 million aggregate principal amount of the 2031 Notes and $750 million aggregate principal amount of the 2051 Notes. The effective interest rate is 1.98% for the 2031 Notes and 3.04% for the 2051 Notes. Interest is payable semiannually in arrears, on February 15 and August 15 of each year.

See *Note 10 — Financing Arrangements* to the Condensed Consolidated Financial Statements in this Form 10-Q as it relates to our Senior Notes, which is incorporated by reference into this Item 2.

Credit Facility

On March 22, 2023, we entered into a $500 million unsecured revolving credit facility (the "Credit Facility") with a syndicate of banks. The Credit Facility terminates on March 22, 2028 unless the maturity is extended in accordance with its terms. As of December 31, 2025, no amounts were outstanding. The Credit Facility contains an option to arrange with existing lenders and/or new lenders to provide up to an aggregate of $500 million in additional commitments for revolving loans. Proceeds of loans made under the Credit Facility may be used for general corporate purposes. See *Note 10 — Financing Arrangements* to the Condensed Consolidated Financial Statements in this Form 10-Q as it relates to our Credit Facility, which is incorporated by reference into this Item 2.

Financial Condition

Our material cash requirements, including commitments for capital expenditure, as of December 31, 2025 are set forth in our *Note 11 — Commitments and Contingencies* to the Condensed Consolidated Financial Statements in this Form 10-Q, which is incorporated by reference into this Item 2. We believe that our cash, cash equivalents, short-term investments, cash generated from operations and available financing facilities will be sufficient to meet these material cash requirements, which include licensing intellectual property from sports organizations and players associations used in our EA SPORTS titles and third-party content, debt repayment obligations, and to fund our operating requirements for the next 12 months and beyond. Our operating requirements include working capital requirements, capital expenditures, our capital return programs, and potentially, future acquisitions or strategic investments. We may choose at any time to raise additional capital to repay debt, strengthen our financial position, facilitate expansion, repurchase our stock, pursue strategic acquisitions and investments, and/or to take advantage of business opportunities as they arise. There can be no assurance, however, that such additional capital will be available to us on favorable terms, if at all, or that it will not result in substantial dilution to our existing stockholders.

During the nine months ended December 31, 2025, we returned $893 million to stockholders through our capital return programs, which include repurchasing 5.3 million shares for approximately $750 million and paying $143 million through our quarterly cash dividend program.

Our foreign subsidiaries are generally subject to U.S. tax, and to the extent earnings from these subsidiaries can be repatriated without a material tax cost, such earnings will not be indefinitely reinvested. As of December 31, 2025, approximately $1,075 million of our cash and cash equivalents were domiciled in foreign tax jurisdictions. All of our foreign cash is available for repatriation without a material tax cost.

We have a “shelf” registration statement on Form S-3 on file with the SEC. This shelf registration statement, which includes a base prospectus, allows us at any time to offer any combination of securities described in the prospectus in one or more offerings. Unless otherwise specified in a prospectus supplement accompanying the base prospectus, we would use the net proceeds from the sale of any securities offered pursuant to the shelf registration statement for general corporate purposes, which may include funding for working capital, financing capital expenditures, research and development, marketing and distribution efforts, and if opportunities arise, for acquisitions or strategic alliances. Pending such uses, we may invest the net proceeds in interest-bearing securities. In addition, we may conduct concurrent or other financings at any time.

Our ability to maintain sufficient liquidity could be affected by various risks and uncertainties including, but not limited to, customer demand and acceptance of our products, our ability to collect our accounts receivable as they become due, successfully achieving our product release schedules and attaining our forecasted sales objectives, economic conditions in the United States and abroad, the impact of acquisitions and other strategic transactions in which we may engage, the impact of competition, the seasonal and cyclical nature of our business and operating results, and the other risks described in the “Risk Factors” section, included in Part II, Item 1A of this report.

As of December 31, 2025, we did not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

MARKET RISK

We are exposed to various market risks, including changes in foreign currency exchange rates, interest rates and market prices, which have experienced significant volatility. Market risk is the potential loss arising from changes in market rates and market prices. We employ established policies and practices to manage these risks. Foreign currency forward contracts are used to hedge anticipated exposures or mitigate some existing exposures subject to foreign exchange risk as discussed below. While we do not hedge our short-term investment portfolio, we protect our short-term investment portfolio against different market risks, including interest rate risk as discussed below. Our cash and cash equivalents portfolio consists of highly liquid investments with insignificant interest rate risk and original or remaining maturities of three months or less at the time of purchase. We do not enter into derivatives or other financial instruments for speculative trading purposes and do not hedge our market price risk relating to marketable equity securities, if any.

Foreign Currency Exchange Risk

Foreign Currency Exchange Rates. International sales are a fundamental part of our business, and the strengthening of the U.S. dollar (particularly relative to the Euro, British pound sterling, Australian dollar, Japanese yen, Chinese yuan, South Korean won and Polish zloty) has a negative impact on our reported international net revenue, but a positive impact on our reported international operating expenses (particularly the Swedish krona and the Canadian dollar) because these amounts are translated at lower rates as compared to periods in which the U.S. dollar is weaker. While we use foreign currency hedging contracts to mitigate some foreign currency exchange risk, these activities are limited in the protection that they provide us and can themselves result in losses.

Cash Flow Hedging Activities. We hedge a portion of our foreign currency risk related to forecasted foreign currency-denominated sales and expense transactions by purchasing foreign currency forward contracts that generally have maturities of 18 months or less. These transactions are designated and qualify as cash flow hedges. Our hedging programs are designed to reduce, but do not entirely eliminate, the impact of currency exchange rate movements in net revenue and research and development expenses.

Balance Sheet Hedging Activities. We use foreign currency forward contracts to mitigate foreign currency exchange risk associated with foreign currency-denominated monetary assets and liabilities, primarily intercompany receivables and payables. These foreign currency forward contracts generally have a contractual term of three months or less and are transacted near month-end.

We believe the counterparties to our foreign currency forward contracts are creditworthy multinational commercial banks. While we believe the risk of counterparty nonperformance is not material, a sustained decline in the financial stability of financial institutions as a result of disruption in the financial markets could affect our ability to secure creditworthy counterparties for our foreign currency hedging programs.

Notwithstanding our efforts to mitigate some foreign currency exchange risks, there can be no assurance that our hedging activities will adequately protect us against the risks associated with foreign currency fluctuations. As of December 31, 2025, a hypothetical adverse foreign currency exchange rate movement of 10 percent or 20 percent would have resulted in potential declines in the fair value on our foreign currency forward contracts used in cash flow hedging of $221 million or $442 million, respectively. As of December 31, 2025, a hypothetical adverse foreign currency exchange rate movement of 10 percent or 20 percent would have resulted in potential losses in the Condensed Consolidated Statements of Operations on our foreign currency forward contracts used in balance sheet hedging of $203 million or $406 million, respectively. This sensitivity analysis assumes an adverse shift of all foreign currency exchange rates; however, all foreign currency exchange rates do not always move in the same manner and actual results may differ materially. See *Note 4 — Derivative Financial Instruments* to the Condensed Consolidated Financial Statements in this Form 10-Q as it relates to our derivative financial instruments, which is incorporated by reference into this Item 3.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our short-term investment portfolio. We manage our interest rate risk by maintaining an investment portfolio generally consisting of debt instruments of high credit quality and relatively short maturities. However, because short-term investments mature relatively quickly and, if reinvested, are invested at the then-current market rates, interest income on a portfolio consisting of short-term investments is subject to market fluctuations to a greater extent than a portfolio of longer term investments. Additionally, the contractual terms of the investments do not permit the issuer to call, prepay or otherwise settle the investments at prices less than the stated par value. Our investments are held for purposes other than trading. We do not use derivative financial instruments in our short-term investment portfolio.

As of December 31, 2025, our short-term investments were classified as available-for-sale securities and, consequently, were recorded at fair value with changes in fair value, including unrealized gains and unrealized losses not related to credit losses, reported as a separate component of accumulated other comprehensive income (loss), net of tax, in stockholders' equity.

Notwithstanding our efforts to manage interest rate risks, there can be no assurance that we will be adequately protected against risks associated with interest rate fluctuations. Changes in interest rates affect the fair value of our short-term investment portfolio. To provide a meaningful assessment of the interest rate risk associated with our short-term investment portfolio, we performed a sensitivity analysis to determine the impact a change in interest rates would have on the value of the portfolio assuming a 150 basis point parallel shift in the yield curve. As of December 31, 2025, a hypothetical 150 basis point increase in interest rates would have resulted in a $1 million, or 1 percent decrease in the fair market value of our short-term investments.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

Our Chief Executive Officer and our Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures, believe that as of the end of the period covered by this report, our disclosure controls and procedures were effective in providing the requisite reasonable assurance that material information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding the required disclosure.

Changes in internal control over financial reporting

There has been no change in our internal controls over financial reporting identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that occurred during the fiscal quarter ended December 31, 2025 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

Limitations on effectiveness of disclosure controls

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. These limitations include the possibility of human error, the circumvention or overriding of the controls and procedures and reasonable resource constraints. In addition, because we have designed our system of controls based on certain assumptions, which we believe are reasonable, about the likelihood of future events, our system of controls may not achieve its desired purpose under all possible future conditions. Accordingly, our disclosure controls and procedures provide reasonable assurance, but not absolute assurance, of achieving their objectives.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Refer to Note 11 of the Notes to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q for disclosures regarding our legal proceedings.

Item 1A. Risk Factors

Our business is subject to many risks and uncertainties, which may affect our future financial performance. In the past, we have experienced certain of the events and circumstances described below, which adversely impacted our business and financial performance. If any of the events or circumstances described below occur, our business or financial performance could be harmed, our actual results could differ materially from our expectations and the market value of our stock could decline. The risks and uncertainties discussed below are not the only ones we face. There may be additional risks and uncertainties not currently known to us or that we currently do not believe could be material that may harm our business or financial performance.

MERGER RISKS

If our proposed Merger does not close, or is delayed, we may experience financial and operational disruptions. In addition our stock price may decline if the Merger is perceived as uncertain to close.

On September 28, 2025, we entered into a Merger Agreement to be acquired by an investor 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. The closing of the Merger is subject to the satisfaction or waiver of certain conditions, many of which are not within our full control. We currently expect that the Merger will be completed in the first quarter of fiscal year 2027. However, we may be unable to obtain and satisfy, or experience delays in obtaining and satisfying, required regulatory approvals and other closing conditions. In addition, both we and the Consortium may terminate the Merger Agreement for reasons specified therein. The announcement and pendency of the Merger could adversely affect our business and stock price, including if the Merger does not close or is delayed, for reasons including the following:

- Uncertainty about the effect of the Merger may impair our ability to attract, retain, and motivate key personnel, and could cause customers, suppliers, financial counterparties, and others to seek to change existing business relationships with us.
- The Merger Agreement restricts us, without the consent of the Consortium, from making certain acquisitions and investments, from accessing the debt and capital markets, and from taking other specified actions until closing of the Merger or the termination of the Merger Agreement. These restrictions may prevent us from pursuing otherwise attractive business opportunities and taking other actions with respect to our business that we may consider advantageous.
- Our costs of accessing funds in the debt and capital markets may be higher than before execution of the Merger Agreement as a result of actions that could be taken by ratings agencies after announcement of the transaction.
- We have incurred, and will continue to incur, significant costs, expenses, and fees for professional services and other transaction costs in connection with the Merger. Many of the fees and costs will be payable by us even if the Merger is not completed. In addition, we may be required to pay a termination fee of up to $1.0 billion to the Consortium and reimburse certain out-of-pocket expenses if the Merger Agreement is terminated for certain specified reasons.
- The Merger may not occur on the expected timeline because of a delay in receiving required regulatory approvals or other reasons. Any delay or inability to close the Merger may cause the market price of our common stock to decline.

Lawsuits have been or may be filed against us and the members of our Board of Directors arising out of the proposed Merger, which may delay or prevent the proposed Merger or otherwise negatively affect our business and operations.

Putative stockholder complaints, including stockholder class action complaints, and other complaints have been or in the future may be filed against us, our Board of Directors and others in connection with the transactions contemplated by the Merger Agreement. Certain complaints asserted in connection with the transaction contemplated by the Merger Agreement have been mooted, however, the outcome of any additional litigation is uncertain, and we may not be successful in defending against any such future claims. Lawsuits that have been or may be filed against us, our Board of Directors or others could delay or prevent

the Merger from being completed, divert the attention of our management and employees away from our day-to-day business, and otherwise adversely affect our business, results of operations, and financial condition. If the Merger is not consummated for any reason, litigation could be filed in connection with the failure to consummate the Merger.

STRATEGIC RISKS

Our business is intensely competitive. We may not deliver successful and engaging products and services, or consumers may prefer our competitors' products or services over our own.

Competition in our business is intense. Many new products and services are regularly introduced, but only a relatively small number of products and associated services drive significant engagement and account for a significant portion of total revenue. Our competitors range from established interactive entertainment companies to emerging start-ups. In addition, we compete with large, diversified companies that have strengthened their interactive entertainment capabilities. Their greater financial and other resources provide larger budgets to recruit our key creative and technical talent, develop and market products and services that gain consumer success, shift player time and engagement away from our products and services, or otherwise disrupt our operations. We also expect new competitors to continue to emerge throughout the world. If our competitors develop more successful and engaging products or services, offer competitive products or services at lower price points, or if we do not continue to develop consistently high-quality, well-received and engaging products and services, or if our marketing strategies are not innovative or fail to resonate with players, particularly during key selling periods, our revenue, margins, and profitability will decline.

We strive to create innovative and high-quality products and services that allow us to grow the global online communities around our key franchises and reach more players. However, innovative and high-quality titles, even if highly-reviewed or critically acclaimed, may not meet our expectations or the expectations of our players. Many financially successful products and services within our industry are iterations of prior titles with large established consumer bases and significant brand recognition, which makes competing in certain categories challenging. In addition, products or services of our direct competitors or other entertainment companies have shifted consumer spending or engagement from our products and services and may do so in the future, which could cause our products and services to underperform.

A significant portion of our revenue historically has been derived from products and services based on a few popular franchises, and the underperformance of a single major title has had, and could in the future have, a material adverse impact on our financial results. For example, we have historically derived a significant portion of our net revenue from sales related to our EA SPORTS FC franchise, annualized versions of which are consistently one of the best-selling games in the marketplace. Any events or circumstances that negatively impact our EA SPORTS FC franchise, including *Ultimate Team,* such as product or service quality, other products that take a portion of consumer spending and time, the delay or cancellation of a product or service launch, increased competition for key licenses, or real or perceived security or regulatory risks, negatively impacts our financial results to a disproportionate extent.

We may not meet our product and live service development schedules.

Our ability to meet product and live service development schedules is affected by a number of factors both within and outside our control, including feedback from our players, the creative processes involved, the coordination of large and sometimes geographically dispersed development teams, evolving work models, the complexity of our products and the platforms for which they are developed, the need to fine-tune our products prior to their release, and, in certain cases, approvals from third parties. We have experienced development delays for our products and services in the past which caused us to delay or cancel release dates. Any failure to meet anticipated production or release schedules likely would result in a delay of revenue and/or possibly a significant shortfall in our revenue, increase our development and/or marketing expenses, harm our profitability, and cause our operating results to be materially different than anticipated. If we miss key selling periods for products or services as a result of product delays or product cancellations, our sales likely will suffer significantly.

Our industry changes rapidly and we may fail to anticipate or successfully implement new or evolving technologies, or adopt successful business strategies, distribution methods or services.

Rapid changes in our industry require us to anticipate, sometimes years in advance, the ways in which our business can remain competitive in the market. We have invested, and in the future may invest, in new business and marketing strategies, tools and technologies, distribution methods, products, and services. There can be no assurance that the strategic investments we pursue will achieve financial results that meet or exceed our expectations. We may miss opportunities or fail to respond quickly enough to industry change, including the failure to adopt tools, technology and distribution methods or failure to develop new

products, services or ways to engage with our games that become popular with consumers, each of which could adversely affect our financial results. For example, we expect our competitive landscape to evolve as artificial intelligence technology advances and is integrated into the markets in which we compete. Our competitors may incorporate new artificial intelligence tools and technology into their existing products and services more successfully, may use these new tools and technology more efficiently or may create new categories of products and services before we do.

Stakeholders have high expectations for the quality and integrity of our business, culture, products and services and we may be unsuccessful in meeting these expectations.

Expectations regarding the quality, performance and integrity of our business, brand, reputation, culture, products and services are high. Players and other stakeholders have sometimes been critical of our industry, brands, products, services, online communities, business models and/or practices for a wide variety of reasons, including perceptions about gameplay fun, fairness, game content, features or services, or objections to certain of our practices. These negative responses may not be foreseeable. We also may not effectively manage our responses because of reasons within or outside of our control. In addition, we have taken actions, including delaying the release of our games and delaying or discontinuing content, features and services for our games, after taking into consideration, among other things, feedback from our community or geopolitical events. These actions have had a negative impact on our financial results and have impacted our future development processes. We expect to continue to take actions as appropriate, including actions that may result in additional expenditures and the loss of revenue. Maintaining high ratings on the third-party console, platforms and devices on which we operate are important to drive players to our products and services. If we receive significant negative reviews that result in a decrease in our ratings, including as a result of negative review campaigns intended to harm our ratings, our games could be more difficult for players to find, negatively impacting our financial and operating results.

Certain of our games and features on our platforms support online features that allow players and viewers to communicate with one another and post content, in real time, that is visible to other players and viewers. From time to time, this "user generated content" may contain objectionable and offensive content that is distributed and disseminated by third parties and our brands may be negatively affected by such actions. If we fail to appropriately respond to the dissemination of such content, we may be subject to lawsuits and governmental regulation, our players may not engage with our products and services and/or may lose confidence in our brands and our financial results may be adversely affected.

Our products and services are extremely complex software programs and are difficult to develop and distribute. We have quality controls in place to detect defects, bugs or other errors in our products and services before they are released. Nonetheless, these quality controls are subject to human error, overriding, and resource or technical constraints. If these quality controls and preventative measures are not effective in detecting all defects, bugs or errors in our products and services before they have been released into the marketplace, then our products and services could be below our standards and the standards of our players and our reputation, brand and sales could be adversely affected. In addition, we could be required to, or may find it necessary to, offer a refund for the product or service, suspend the availability or sale of the product or service or expend significant resources to cure the defect, bug or error each of which could significantly harm our business and operating results.

We are integrating artificial intelligence tools and technologies into our business and development processes. The use of artificial intelligence might present social and ethical issues that, if not managed appropriately, may result in legal and reputational harm, cause consumers to lose confidence in our business and brands and negatively impact our financial and operating results.

External game developers may not meet product development schedules or otherwise honor their obligations.

We contract with external game developers to develop our games or to publish or distribute their games. While we maintain contractual protections, we have less control over the product development schedules of games developed by external developers. We depend on their ability to meet product development schedules. If we have disputes with external developers or they cannot meet product development schedules, acquire certain approvals or are otherwise unable or unwilling to honor their obligations to us, we may delay or cancel previously announced games, alter our launch schedule or experience increased costs and expenses, which could result in a delay or significant shortfall in anticipated revenue, harm our profitability and reputation, and cause our financial results to be materially affected.

Our business depends on the success and availability of consoles, platforms and devices developed by third parties and our ability to develop and maintain commercially successful products and services for those consoles, platforms and devices.

The success of our business is driven in part by the commercial success, adequate supply and consumer adoption of third-party consoles, platforms and devices for which we develop our products and services or through which our products and services are distributed. Our success depends in part on accurately predicting which consoles, platforms and devices will be successful in the marketplace and providing engaging and commercially successful products and services for those consoles, platforms and devices. We must make product development decisions and commit significant resources well in advance of the commercial availability of new consoles, platforms and devices, and we may incur significant expense to adjust our product portfolio and development efforts in response to changing consumer preferences. We may enter into certain exclusive licensing arrangements that affect our ability to deliver or market products or services on certain consoles, platforms or devices. A console, platform or device for which we are developing products and services may not achieve consumer adoption at the rate we expect and we may be unable to fully recover the investments we have made in developing our products and services; or new consoles, platforms or devices may take market share away from those for which we have devoted significant resources, causing us to not reach our intended audience and take advantage of meaningful revenue opportunities.

We could fail to successfully adopt new business models.

From time to time we seek to establish and implement new business models. Forecasting the success of any new business model is inherently uncertain and depends on a number of factors both within and outside of our control. Our actual revenue and profit for these businesses may be significantly greater or less than our forecasts. In addition, these new business models could fail, resulting in the loss of our investment in the development and infrastructure needed to support these new business models, as well as the opportunity cost of diverting management and financial resources away from more successful and established businesses. Any failure to successfully implement new business models could materially impact our financial and operating results.

Acquisitions, investments, divestitures and other strategic transactions could result in operating difficulties and other negative consequences.

We have made and may continue to make acquisitions or enter into other strategic transactions including (1) acquisitions of companies, businesses, intellectual properties, and other assets, (2) investments in, or transactions with, strategic partners, and (3) investments in new businesses as part of our long-term business strategy. These acquisitions and other transactions involve significant challenges and risks including that the transaction does not advance our business strategy or strategic goals, that we do not realize a satisfactory return on our investment, that we cannot realize anticipated tax benefits or incur tax costs, that we acquire liabilities and/or litigation from acquired companies, that our due diligence process does not identify significant issues or liabilities, diversion of management's attention from our other businesses and the incurrence of debt, contingent liabilities or amortization expenses, write-offs of goodwill, intangibles, or acquired in-process technology, or other increased cash and non-cash expenses. In addition, we may not be able to complete the acquisition as a result of challenges in obtaining regulatory approvals or we may not integrate these businesses successfully, retain key employees from acquired companies and achieve expected synergies.

We may fund strategic transactions with (1) cash, which would reduce cash available for other corporate purposes, (2) debt, which would increase our interest expense and leverage and/or (3) equity which would dilute current shareholders' percentage ownership and also dilute our earnings per share.

We may be unable to maintain or acquire licenses to include intellectual property owned by others in our games, or to maintain or acquire the rights to publish or distribute games developed by others.

Many of our products and services are based on or incorporate intellectual property owned by others. For example, our EA SPORTS products include rights licensed from major sports leagues, teams and players' associations and our Star Wars products include rights licensed from Disney. Competition for these licenses and rights is intense. If we are unable to maintain these licenses and rights or obtain additional licenses or rights with significant commercial value, our ability to develop successful and engaging products and services may be adversely affected and our revenue, profitability and cash flows may decline significantly. Other competitors may assume certain licenses and create competing products, impacting our sales. Competition for these licenses has increased, and may continue to increase, the amounts that we must pay to licensors and

developers, through higher minimum guarantees or royalty rates, which could significantly increase our costs and reduce our profitability.

Our business partners may not honor their obligations to us or their actions may put us at risk.

We rely on various business partners, including platform partners, third-party service providers, vendors, licensing partners, development partners and licensees. Their actions may put our business and our reputation and brand at risk. In many cases, our business partners may be given access to sensitive and proprietary information in order to provide services and support, and they may misappropriate our information and engage in unauthorized use of it. In addition, the failure of these third parties to provide adequate services and technologies, or the failure of the third parties to adequately maintain or update their services and technologies, could result in a disruption to our business operations. Further, disruptions in the financial markets, geopolitical conditions, economic downturns, poor business decisions, or reputational harm may adversely affect our business partners and they may not be able to continue honoring their obligations to us or we may cease our arrangements with them. Alternative arrangements and services may not be available to us on commercially reasonable terms or we may experience business interruptions upon a transition to an alternative partner or vendor.

OPERATIONAL RISKS

Catastrophic events may disrupt our business.

Catastrophic events, including natural disasters, cyber-incidents, power disruptions, pandemics, acts of terrorism or other events have caused, and in the future could cause, outages, disruptions and/or degradations of our infrastructure (including our or our partners' information technology and network systems), a failure in our ability to conduct normal business operations, or the closure of public spaces in which players engage with our products and services all of which could materially impact our reputation and brand, financial condition and operating results. The health and safety of our employees, players, third-party organizations with whom we partner, or regulatory agencies on which we rely could be also affected, any of which may prevent us from executing against our business strategies and/or cause a decrease in consumer demand for our products and services. We recognize the inherent physical risks associated with climate change. Our business relies on the reliable transmission of energy worldwide and is susceptible to weather-related events that could stress the power grid. System redundancy may be ineffective, and our disaster recovery and business continuity planning may not be sufficient for all eventualities. In addition, our corporate headquarters and several of our key studios also are located in seismically active regions and areas that are vulnerable to other natural disasters and weather events such as wildfires and hurricanes. These catastrophic events could disrupt our business and operations, and/or the businesses and operations of our partners and may cause us to incur additional costs to maintain or resume operations.

We have and may continue to experience security breaches and cyber threats.

The integrity of our and our partners' information technology networks and systems is critical to our ongoing operations, products, and services. Our industry is prone to, and our systems and networks are subject to actions by malfeasant actors, which may include individuals or groups, including state-sponsored attackers. These actions include cyber-attacks, including ransomware, and other information security incidents that seek to exploit, disable, damage, and/or disrupt our networks, business operations, products and services and supporting technological infrastructure, or gain access to consumer and employee personal information, our intellectual property and other assets. Additionally, as artificial intelligence capabilities develop rapidly, individuals or groups of hackers and sophisticated organizations, may use these technologies to create new sophisticated attack methods that are increasingly automated, targeted and coordinated and more difficult to defend against. In addition, our systems and networks could be harmed or improperly accessed due to errors by employees or third parties that are authorized to access these networks and systems. We also rely on technological infrastructure provided by third-party business partners to support the online functionality of our products and services, who are also subject to these same cyber risks. Both our partners and we have expended, and expect to continue to expend, financial and operational resources to guard against cyber risks and to help protect our data and systems. However, the techniques used by malfeasant actors change frequently, continue to evolve in sophistication and volume, and often are not detected for long periods of time.

Remote access to our networks and systems, and the networks and systems of our partners is substantial. While we and our partners have taken steps to secure our networks and systems, these networks and systems may be more vulnerable to a successful cyber-attack or information security incident in a hybrid working model. The costs to respond to, mitigate, and/or notify affected parties of cyber-attacks and other security vulnerabilities are significant. It may also be necessary for us to take additional extraordinary measures and make additional expenditures to take appropriate responsive and preventative steps. Consequences of such events, responsive measures and preventative measures have included, and could in the future include,

the loss of proprietary and personal data and interruptions or delays in our business operations, exploitation of our data, as well as loss of player confidence and damage to our brand and reputation, financial expenses and financial loss. In addition, such events could cause us to be non-compliant with applicable regulations, and subject us to legal claims or penalties under laws protecting the privacy or security of personal information or proprietary material information. We have experienced such events in the past and expect future events to occur.

In addition, the virtual economies that we have established in many of our games are subject to abuse, exploitation and other forms of fraudulent activity that can negatively impact our business. Virtual economies involve the use of virtual currency and/or virtual assets that can be used or redeemed by a player within a particular game or service. The abuse or exploitation of our virtual economies have included the illegitimate or unauthorized generation and sale of virtual items, including in black markets. Our online services have been impacted by in-game exploits and the use of automated or other fraudulent processes designed to generate virtual items or currency illegitimately or to execute account takeover attacks against our players. We anticipate such activity to continue. These abuses and exploits, and the steps that we take to address these abuses and exploits may result in a loss of anticipated revenue, increased costs to protect against or remediate these issues, interfere with players' enjoyment of a balanced game environment or cause harm to our reputation and brand.

We may experience outages, disruptions or degradations in our services, products and/or technological infrastructure.

The reliable performance of our products and services depends on the continuing operation and availability of our information technology systems and those of our external service providers, including third-party "cloud" computing services. Our games and services are complex software products and maintaining the sophisticated internal and external technological infrastructure required to reliably deliver these games and services is expensive and complicated. The reliable delivery and stability of our products and services has been, and could in the future be, adversely impacted by outages, disruptions, failures or degradations in our network and related infrastructure, as well as in the online platforms or services of key business partners that offer, support or host our products and services. The reliability and stability of our products and services has been affected by events outside of our control as well as by events within our control, such as the migration of data among data centers and to third-party hosted environments, the performance of upgrades and maintenance on our systems, and effectively scaling our technological infrastructure to accommodate online demand for our products and services.

If we or our external business partners were to experience an event that caused a significant system outage, disruption or degradation or if a transition among data centers or service providers or an upgrade or maintenance session encountered unexpected interruptions, unforeseen complexity or unplanned disruptions, our products and services may not be available to consumers or may not be delivered reliably and stably. We do not have redundancy for all our systems, many of our critical applications reside in only one of our data centers, and our disaster recovery planning may not account for all eventualities. As a result, our reputation and brand may be harmed, consumer engagement with our products and services may be reduced, and our revenue and profitability could be negatively impacted.

Attracting, managing and retaining our talent is critical to our success.

Our business depends on our ability to attract, train, motivate and retain executive, technical, creative, marketing and other talent that are essential to the development, marketing and support of our products and services. The market for highly-skilled workers and leaders in our industry is extremely competitive, particularly in the geographic locations in which many of our key talent are located. We also engage with talent through contracted services. Our leading position within the interactive entertainment industry makes us a prime target for recruiting our executives, as well as key creative and technical talent. If we cannot successfully recruit, train, motivate, attract and retain qualified talent, develop and maintain a healthy culture, replace key talent following their departure or experience disruption in our contracted services, our reputation, brand and culture may be negatively impacted, products and services may be delayed and our business will be impaired. Our global workforce is primarily non-unionized, but we have unions and works councils outside of the United States. In the United States, there has been an increase in prominence in certain sectors of workers exercising their right to form or join a union. If significant employee populations were to unionize or if we experience labor disruptions, we could experience operational changes that may materially impact our business.

We rely on the consoles, systems and devices of partners who have significant influence over the products and services that we offer in the marketplace.

A significant percentage of our digital net revenue is attributable to sales of products and services through our significant partners, including Sony, Microsoft, Apple and Google. The concentration of a material portion of our digital sales in these

partners exposes us to risks associated with these businesses and any deterioration in the businesses of our significant partners could disrupt and harm our business.

Our license agreements typically provide these partners with significant control over the approval and distribution of the products and services that we develop for their consoles, systems and devices. For products and services delivered via digital channels, each respective partner has policies and guidelines that control the promotion and distribution of these titles and the features and functionalities that we are permitted to offer through the channel. Our partners could choose to exclude our products and services from, or de-emphasize the promotion of our products and services within, some or all of their distribution channels in order to promote their own products and services or those of our competitors. In addition, we are dependent on these partners to invest in, and upgrade, the capabilities of their systems in a manner that corresponds to the preferences of consumers. Failure by these partners to keep pace with consumer preferences could have an adverse impact on the engagement with our products and services and our ability to merchandise and commercialize our products and services which could harm our business and/or financial results.

Moreover, certain significant partners can determine and change unilaterally certain key terms and conditions, including the ability to change their user and developer policies and guidelines and set the rates that we must pay to provide our products and services through their online channels, and change their fee structures or adopt different fee structures for their online channels. These partners also control the information technology systems through which online sales of our products and service are captured. If our partners establish terms that restrict our offerings, significantly impact the financial terms on which these products or services are offered to our customers, or their information technology systems experience outages that impact our players' ability to access our games or purchase extra content or cause an unanticipated delay in reporting, our business and/or financial results could be materially affected.

LEGAL AND COMPLIANCE RISKS

Government regulations applicable to us may negatively impact our business.

We are a global company subject to various and complex laws and regulations domestically and internationally, including laws and regulations related to consumer protection, protection of minors, online safety, including content moderation and transparency, advertising, information security, intellectual property, competition, sanctions, taxation and tariffs, and employment, among others. Many of these laws and regulations are continuously evolving and developing, and the application to, and impact on, us is uncertain. Enforcement of these laws could harm our business by limiting the products and services we can offer consumers or the manner in which we offer them. The costs of compliance with these laws may increase in the future as a result of changes in applicable laws or changes to interpretation. Any failure on our part to comply with these laws or the application of these laws in an unanticipated manner may harm our business and result in penalties or significant legal liability.

Certain of our business models and features within our products and services are subject to new laws or regulations or evolving interpretations and application of existing laws and regulations. The industry's adoption of virtual items and virtual currency has prompted calls for new laws and regulations and resulted in the application of existing laws or regulations that have increased scrutiny on these business models and limited or restricted the sale of our products and services in certain territories. We are integrating artificial intelligence technologies into our business and development processes, and it is possible that we could become subject to new regulations, or the interpretation of existing regulations that could negatively impact our operational and financial results. Our products and services allow players to connect with each other and create and share user-generated content. Such interactions and content may be objectionable or offensive and expose us to liability and regulatory oversight, particularly as applicable global laws and regulations are introduced and evolve. New laws related to these business models and features or the interpretation or application of current laws could subject us to additional regulation and oversight, cause us to further limit or restrict the sale of our products and services or otherwise impact our products and services, lessen the engagement with, and growth of, profitable business models, and expose us to increased compliance costs, significant liability, fines, penalties and harm to our reputation and brand.

We are subject to laws in certain foreign countries, and adhere to industry standards in the United States, that mandate rating requirements or set other restrictions on the advertisement, marketing, publication or distribution of interactive entertainment software based on content. In addition, certain foreign countries allow government censorship of interactive entertainment software products or require pre-approval processes of uncertain length before our products and services can be offered. Adoption and enforcement of ratings systems, censorship, restrictions on publication or distribution, and changes to approval processes or the status of any approvals could harm our business by limiting the products we are able to offer to our consumers. In addition, compliance with new and possibly inconsistent regulations for different territories could be costly, delay or prevent the release of our products in those territories.

We are subject to complex and prescriptive regulations, and consumer sensitivity, regarding data privacy practices.

We are subject to global data privacy, data protection, security and consumer-protection laws and regulations. These laws and regulations are emerging and evolving and the interpretation, application and enforcement of these laws and regulations often are uncertain, contradictory and changing. The failure to maintain data practices that are compliant with applicable laws and regulations, or evolving interpretations of applicable laws and regulations, could result in inquiries from enforcement agencies or direct consumer complaints, resulting in civil or criminal penalties, and could adversely impact our reputation and brand. In addition, the operational costs of compliance with these regulations is high and will likely continue to increase. Even if we remain in compliance with applicable laws and regulations, consumer sensitivity to the collection and processing of their personal information continues to increase. Any real or perceived failures in maintaining acceptable data privacy practices, including allowing improper or unauthorized access, acquisition or misuse and/or uninformed disclosure of consumer, employee and other information, or a perception that we do not adequately secure this information or provide consumers with adequate notice about the information that they authorize us to collect and disclose could result in brand, reputational, or other harms to the business, result in costly remedial measures, deter current and potential customers from using our products and services and cause our financial results to be materially affected.

Third party vendors and business partners receive access to certain information that we collect. These vendors and business partners may not prevent data security breaches with respect to the information we provide them or fully enforce our policies, contractual obligations and disclosures regarding the collection, use, storage, transfer and retention of personal data. A data security breach of one of our vendors or business partners could cause reputational and financial harm to them and us, negatively impact our ability to offer our products and services, and could result in legal liability, costly remedial measures, governmental and regulatory investigations, harm our profitability, reputation and brand, and/or cause our financial results to be materially affected.

We may be subject to claims of infringement of third-party intellectual property rights.

From time to time, third parties may claim that we have infringed their intellectual property rights. Although we take steps to avoid knowingly violating the intellectual property rights of others, it is possible that third parties still may claim infringement. Existing or future infringement claims against us may be expensive to defend and divert the attention of our employees from business operations. Such claims or litigation could require us to pay damages and other costs. We also could be required to stop selling, distributing or supporting products, features or services which incorporate the affected intellectual property rights, redesign products, features or services to avoid infringement, or obtain a license, all of which could be costly and harm our business.

In addition, many patents have been issued that may apply to potential new modes of delivering, playing or monetizing products and services such as those that we produce or would like to offer in the future. We may discover that future opportunities to provide new and innovative modes of game play and game delivery may be precluded by existing patents that we are unable to acquire or license on reasonable terms.

From time to time we may become involved in other legal proceedings.

We are currently, and from time to time in the future may become, subject to legal proceedings, claims, litigation and government investigations or inquiries, which could be expensive, lengthy, disruptive to normal business operations and occupy a significant amount of our employees' time and attention. In addition, the outcome of any legal proceedings, claims, litigation, investigations or inquiries may be difficult to predict and could have a material adverse effect on our business, reputation, operating results, or financial condition.

Our products and brands are subject to intellectual property infringement, including in jurisdictions that do not adequately protect our products and intellectual property rights.

We regard our products, brands and intellectual property as proprietary and take measures to protect our assets from infringement. We are aware that some unauthorized copying of our products and brands occurs, and if a significantly greater amount were to occur, it could negatively impact our business. Further, our products and services are available worldwide and the laws of some countries, particularly in Asia, either do not protect our products, brands and intellectual property to the same extent as the laws of the United States or are poorly enforced. Legal protection of our rights may be ineffective in countries with weaker intellectual property enforcement mechanisms. In addition, certain third parties have registered our intellectual property rights without authorization in foreign countries. Successfully registering such intellectual property rights could limit or restrict

our ability to offer products and services based on such rights in those countries. Although we take steps to enforce and police our rights, our practices and methodologies may not be effective against all eventualities.

FINANCIAL RISKS

Our financial results are subject to currency and interest rate fluctuations.

International sales are a fundamental part of our business. For our fiscal year ended March 31, 2025, international net revenue comprised 59 percent of our total net revenue, and we expect our international business to continue to account for a significant portion of our total net revenue. As a result of our international sales, and also the denomination of our foreign investments and our cash and cash equivalents in foreign currencies, we are exposed to the effects of fluctuations in foreign currency exchange rates, and volatility in foreign currency exchange rates remains elevated as compared to historic levels. We use foreign currency hedging contracts to mitigate some foreign currency risk. However, these activities are limited in the protection they provide us from foreign currency fluctuations and can themselves result in losses. In addition, interest rate volatility can decrease the amount of interest earned on our cash, cash equivalents and short-term investment portfolio.

We utilize debt financing and such indebtedness could adversely impact our business and financial condition.

We have senior unsecured notes outstanding, as well as an unsecured revolving credit facility. While the facility is currently undrawn, we may use the proceeds of any future borrowings for general corporate purposes. We may also enter into other financial instruments in the future. This indebtedness and any indebtedness that we may incur in the future could affect our financial condition and future financial results by, among other things, requiring the dedication of a substantial portion of any cash flow from operations to the repayment of indebtedness and increasing our vulnerability to downturns in our business or adverse changes in general economic and industry conditions.

The agreements governing our indebtedness impose restrictions on us and require us to maintain compliance with specified covenants. In particular, the revolving credit facility requires us to maintain compliance with a debt to EBITDA ratio. Our ability to comply with these covenants may be affected by events beyond our control. If we breach any of these covenants and do not obtain a waiver from the lenders or noteholders, then, subject to applicable cure periods, our outstanding indebtedness may be declared immediately due and payable. There can be no assurance that any refinancing or additional financing would be available on terms that are favorable or acceptable to us, if at all. In addition, changes by any rating agency to our credit rating may negatively impact the value and liquidity of both our debt and equity securities, as well as the potential costs associated with new issuances or any potential refinancing of existing issuances. Downgrades in our credit rating could also restrict our ability to obtain additional financing in the future and could affect the terms of any such financing.

Changes in our tax rates or exposure to additional tax liabilities, and changes to tax laws and interpretations of tax laws could adversely affect our earnings and financial condition.

We are subject to taxes in the United States and in various foreign jurisdictions. Significant judgment is required in determining our worldwide income tax provision, tax assets, and accruals for other taxes, and the ultimate tax determination is uncertain for many transactions. Our effective income tax rate is based in part on our corporate operating structure and how we operate our business and develop, value, and use our intellectual property. Taxing authorities in jurisdictions in which we operate have challenged and audited, and may continue to, challenge and audit, our methodologies for calculating our income taxes, which could have a material impact on our effective income tax rate and cash taxes. In addition, our provision for income taxes is materially affected by our profit levels, changes in our business, changes in our geographic mix of earnings, changes in the elections we make, changes in our corporate structure, or changes in applicable accounting rules, as well as other factors.

Changes to enacted U.S. federal, state or international tax laws, as well as changes to interpretations of existing tax laws, particularly in Switzerland, where our international business is headquartered, and actions we have taken in our business with respect to such laws, have affected, and could continue to affect, our effective tax rates and cash taxes, and could cause us to change the way in which we structure our business and result in other costs. For example, the European Union and other countries, including Switzerland, have enacted or have committed to enact global minimum taxes, commonly referred to as Pillar II, as proposed by the Organization for Economic Cooperation and Development, which could impact our provision for income taxes and cash taxes. Our effective tax rate also could be adversely affected by changes in the measurement of our deferred income taxes, including the need for valuation allowances against deferred tax assets. Our valuation allowances, in turn, are impacted by several factors with respect to our business, industry, and the macroeconomic environments, including changing interest rates and tax laws. Significant judgment is involved in determining the amount of valuation allowances, and

actual financial results also may differ materially from our current estimates and could have a material impact on our assessments.

We are required to pay taxes other than income taxes, such as payroll, sales, use, value-added, net worth, property, transfer, and goods and services taxes, in both the United States and foreign jurisdictions. Several foreign jurisdictions have introduced new digital services taxes on revenue of companies that provide certain digital services or expanded their interpretation of existing tax laws with regard to other non-income taxes. The guidance about the applicability of these new taxes to our business is limited and significant uncertainty exists as to what will be deemed in scope. If these foreign taxes are applied to us, it could have an adverse and material impact on our business and financial performance.

GENERAL RISKS

Our business is subject to economic, market, public health and geopolitical conditions.

Our business is subject to economic, market, public health and geopolitical conditions, which are beyond our control. The United States and other international economies have experienced cyclical downturns from time to time. Worsening economic conditions, political instability, and political developments in or around any of the countries in which we do business, particularly conditions that negatively impact discretionary consumer spending and consumer demand or increase our operating costs, including conflicts, inflation, slower growth, recession and other macroeconomic conditions have had, and could continue to have, a material adverse impact on our business and operating results. In addition, relations between the United States and countries in which we have operations and sales have been impacted by events such as immigration policies and the adoption or expansion of trade restrictions, including tariffs and economic sanctions, that may have a material impact on our operations and financial results. For example, the imposition of tariffs by the U.S. government on imported goods and any retaliatory tariffs from foreign governments could result in increased costs and uncertainty that may negatively affect global economic conditions and activity and negatively affect our business and the businesses of our partners.

We are particularly susceptible to market conditions and risks associated with the entertainment industry, which, in addition to general macroeconomic downturns, also include the popularity, price and timing of our products and services, changes in consumer demographics, the availability and popularity of other forms of entertainment, and critical reviews and public tastes and preferences, among other factors which may change rapidly and cannot necessarily be predicted.

Our stock price has been volatile and may continue to fluctuate significantly.

The market price of our common stock historically has been, and we expect will continue to be, subject to significant fluctuations. These fluctuations may be due to our operating results or factors specific to our operating results (including those discussed in the risk factors above), changes in securities analysts' estimates of our future financial performance, ratings or recommendations, the failure of our capital return programs to meet analysts' and investors' expectations, the announcement of, or speculation related to, mergers and acquisitions activity and integration of acquisitions, departure of key personnel, cyberattacks, or factors largely outside of our control including those affecting interactive gaming, entertainment, and/or technology companies generally, national or international economic conditions, investor sentiment or other factors related or unrelated to our operating performance. In particular, economic downturns may contribute to the public stock markets experiencing extreme price and trading volume volatility. These fluctuations could adversely affect the market price of our common stock.

The market price of our common stock is sensitive to our ability to forecast our financial and operating results and meet these projections and the expectations of analysts and investors. Forecasting future financial and operating results in our industry is inherently challenging, including with respect to products and services that historically have provided relatively stable financial results, such as our live services, annualized sports titles, and our console, PC and mobile catalog titles. The financial projections we may provide to the public, any changes to those projections, or the failure to meet these projections or the expectations of analysts and investors may adversely affect the market price of our common stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In May 2024, the Company's Audit Committee, upon delegation from the Company's Board of Directors, authorized a program to repurchase up to $5.0 billion of our common stock. This program expires on May 9, 2027. Under this program, we 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. We are not obligated to repurchase a specific number of shares of our common stock under this program and it may be modified, suspended or discontinued at any time. During the second quarter of fiscal year 2026, we suspended repurchase activity under this program in contemplation of the Merger detailed in *Note 1 — Description of Business and Basis of Presentation*.

During the fiscal quarter ended December 31, 2025, we did not repurchase any shares of our common stock.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Plans

During the three months ended December 31, 2025, the following EA directors and/or officers entered into or terminated trading plans intended to satisfy the requirements of Rule 10b5-1(c) of the Exchange Act as part of managing their EA equity holdings ("10b5-1 Plan").

- On October 31, 2025, Jacob J. Schatz, EA's EVP of Global Affairs, Chief Legal Officer and Corporate Secretary, terminated a 10b5-1 Plan, which was adopted on May 13, 2025 for the sale of 14,400 shares of our common stock.

Item 6. Exhibits

The exhibits listed in the accompanying index to exhibits on Page 59 are filed or incorporated by reference as part of this report.

ELECTRONIC ARTS INC.
FORM 10-Q
FOR THE PERIOD ENDED DECEMBER 31, 2025

EXHIBIT INDEX

		Incorporated by Reference			
Number	**Exhibit Title**	**Form**	**File No.**	**Filing Date**	**Filed Herewith**
3.1	Amended and Restated Certificate of Incorporation	8-K	000-17948	8/13/2021	
3.2	Amended and Restated Bylaws	8-K	000-17948	8/15/2022	
15.1	Awareness Letter of KPMG LLP, Independent Registered Public Accounting Firm				X
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
Additional exhibits furnished with this report:					
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101.INS†	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				X
101.SCH†	Inline XBRL Taxonomy Extension Schema Document				X
101.CAL†	Inline XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF†	Inline XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB†	Inline XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE†	Inline XBRL Taxonomy Extension Presentation Linkbase Document				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				X

† Attached as Exhibit 101 to this Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2025 are the following formatted in Inline eXtensible Business Reporting Language ("iXBRL"): (1) Condensed Consolidated Balance Sheets, (2) Condensed Consolidated Statements of Operations, (3) Condensed Consolidated Statements of Comprehensive Income, (4) Condensed Consolidated Statements of Stockholders' Equity, (5) Condensed Consolidated Statements of Cash Flows, and (6) Notes to Condensed Consolidated Financial Statements.

SIGNATURE

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

ELECTRONIC ARTS INC.
(Registrant)

/s/ Stuart Canfield
Stuart Canfield
EVP and Chief Financial Officer (Duly Authorized Officer)

DATED:
February 3, 2026