Financial Analysis of Electronic Arts Inc. and Activision Blizzard Inc.

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# Abstract

This paper dives into the realm of financial ratios which will be used to analyze Electronic Arts Inc. (EA) and Activision Blizzard (ATVI) financial performance using their respective balance sheets, income statements, and cash flow statements from 2015 to 2019. All statements were downloaded from Mergent Online and are available in the appendix of this analysis. Also, this analysis will give a company overview of both firms followed by an industry overview. Then, both firm’s liquidity, profitability, efficiency, leverage, and valuation will be analyzed using calculated financial ratios which can be examined in Appendix F. When examining each financial part of the companies, each company will be examined alone, then compared against each other and the industry if the industry’s data is available. Moreover, the analysis will look at the common size and cash flow statements of both businesses, then provide a summary and conclusion of the finding of the analysis.

# Financial Analysis of Electronic Arts Inc. and Activision Blizzard Inc.

# **Company Overview**

# **Electronic Arts**

The main company that will be discussed in this report is the Electronic Arts Inc. It is an American company founded in 1982 by Trip Hawkins initially as Amazin’ Software and was later remained Electronic Arts. Electronic Arts grew to become a global leader in developing digital and interactive games for entertainment. The company creates software for a range of platforms including consoles, personal computers (PCs), mobile phones and tablets. Their record widespread games are created on a selection of intellectual property that includes recognized brands, such as FIFA, Madden NFL and Star Wars.

Electronic Arts Inc. has posted impressive financials over the past five years, including revenue of over $4.95 billion and net income of $1.02 billion in 2019. With their increased net incomes, EA recently made a big acquisition by buying Respawn Entertainment for about $315 million. In general, their financials appear to be on an upward trend and as of 2019, Electronic Arts Market share is 9.62%.

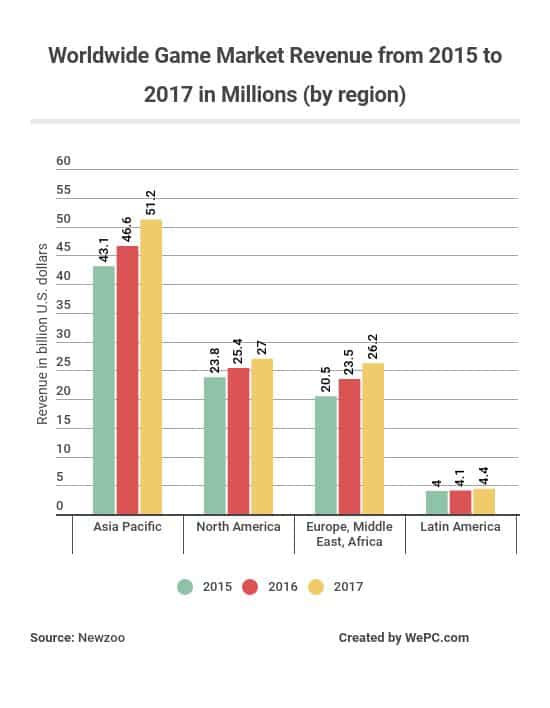
# **Activision Blizzard**

Activision Blizzard Inc is the main competitor of Electronic Arts Inc and will also be discussed at length in this report. Activision Blizzard develops and publishs collaborative entertainment content and services. The company’s headquarters in Santa Monica, California and is the world’s most popular standalone software entertainment company. As of 2019 Activision Blizzard hold a 4% market share of the global gaming industry.

Activision has five operating units. The first is Activision which develops and publishes immersive entertainment content such as Call of Duty and Skylanders. The second component is Blizzard Entertainment which makes and releases some of the most renowned entertainment games such as World of Warcraft and StarCraft. The third unit is King Digital Entertainment which is responsible for mobile games such as Candy Crush and Farm Heroes. The fourth unit is Major League Gamin which focuses on building Activision Blizzard’s competitive gaming leadership. The last unit is Activision Blizzard Studios makes original films and television content based on Activision Blizzard’s library of intellectual properties.

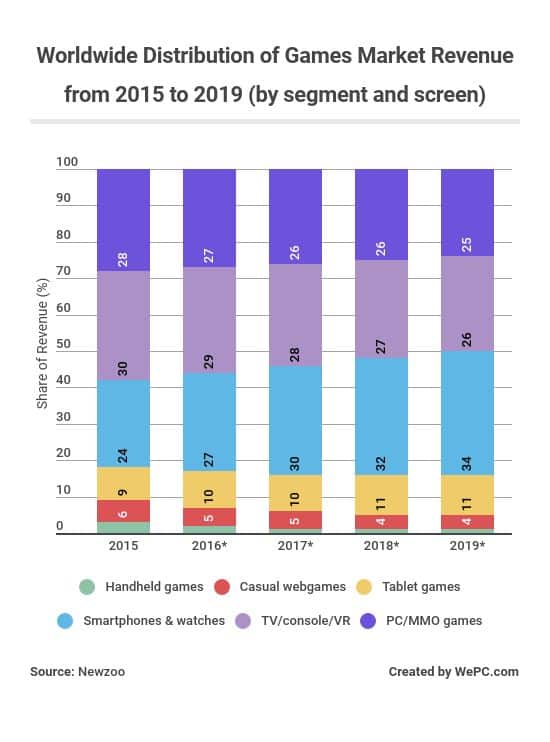
# **Industry Overview**

The industries that best describes the market that Electronic Arts Inc and Activision Blizzard Inc fall under is the Video Games Industry both in the United States and in the Global Market. The United States gaming industry is estimated to have grown at an average annual rate of 5.7% and is projected to be worth over $90 billion by 2020, from about $78.61 billion in 2017. As of 2016, the market size was $63 billion and had 171,512 businesses in the industry and employed around 298,217 people. The global market for video games is estimated to have generated $119,6 billion in revenue in 2018 and is forecasted to reach $300 billion by 2025. With over 2.5 billion gamers across the world, about 80% of the worldwide video game industry’s revenue in 2017 came from software sales. The largest gaming market in 2017 was the Asia Pacific market which reached $51.2 billion. The major players in this industry are Microsoft Corporation, Sony Corporation, GameStop Corporation, Nintendo Co. Ltd, Activision Blizzard Inc., and Electronic Arts Inc.



[Column Chart of Worldwide Game Market Revenues]. (n.d.). Retrieved from <https://www.wepc.com/news/video-game-statistics/>

Gaming consoles are the main platform for products in this market, with the main console manufacturers being Sony, Microsoft, and Nintendo. One sector of the gaming industry that has boomed in the past five years is the online competitive gaming sector. At the height of his popularity, professional gamer Tyler ‘Ninja’ Blevins was earning as much as $500 thousand a month. As of 2019, 25% of the gaming market revenue came from PC games, 26% from console and virtual reality games, 32% from smartphones and watches games, 11% tablet games, and 4% from web games.



[Cluster Column Chart of Worldwide Distribution of Games Market Revenues]. (n.d.). Retrieved from <https://www.wepc.com/news/video-game-statistics/>

The industry is seeing a major shift from upfront payment for content to a free-to-play model. The free-to-play model is when the game is sold for free and the consumer is charged for in game upgrades and game advancements. The free-to-play model has proven to be one of the most profitable types of video game models in the past five years with games like Fortnite generating $2.4 billion in revenue with over $1 billion being generated through the sale of in-game items.

# **FinancialRatios**

**LiquidityRatios**

Liquidity Ratios measure a firm’s ability to pay for its current debt obligations when they become due using the firm’s capital. A firm must be able to cover its current debt obligations and the greater the firm’s liquidity ratios the better. However, if the company’s liquidity ratio is too high compared to the industry average, it may indicate inefficiency as the company could have invested these monies and earn interest. Below are two charts displaying the liquidity ratios of both Electronic Arts and Activision Blizzard.

**Trend Analysis.** EA’s current ratio is objectively good. It has increased steadily from year to year, from 1.35 in 2015 to 2.82 in 2019, and is greater than industry averages. EA has changed its business structure to eliminate inventory entirely, therefore, making their quick ratio almost equivalent to its current ratio. This means that even with inventory, the least liquid current asset, EA can still cover its short-term obligations. Moreover, even with cash alone, EA can cover its current liabilities, which is extremely good. EA’s cash ratio has increased year on year from 0.70 in 2015 to 1.99 in 1.99 and most of its current assets are cash.

Activision Blizzard’s current ratio is good. It has increased year on year from 1.30 in 2015 to 2.50 in 2019. Activision Blizzard inventory counts for an extremely small part of their current assets. This has led to their current ratio and quick ratio being almost identical. Moreover, Activision Blizzard’s cash ratio has also increased year on year and is close to their current and quick ratio meaning that cash is their main current asset.

**Cross Sectional Analysis**. The two companies in comparison have similar liquidity ratios. But EA has greater liquidity ratios than Activision Blizzard. Compared with industry averages, EA’s and Activision Blizzard’s current ratio are 59.33% and 41.24% above industry average respectively. Also, EA’s and Activision Billiard’s quick ratios are 52.43% and 34.59% greater than the industry average respectively. This means that both companies are in a better liquidity position compared to other companies in the industry. However, EA and ATVI could use some of their excess cash to reinvest in the business or other investment to generate revenue.

**Profitability Ratios**

Profitability ratios are used to assess a firm’s ability to generate earnings. High profitability ratios indicate a company is doing well. These ratios are looked at by creditors, owners, and investors to make financial decisions about the business. Below are two charts that show the profitability ratios of both EA and Activision Blizzard.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Electronic Arts - Profitability Ratios** | | | | | | |
|  | **2019** | **2018** | **2017** | **2016** | **2015** | **Industry Average** |
| Gross Profit Margin | 73.29% | 75.20% | 73.21% | 69.20% | 68.35% | 49.68% |
| Operating Profit Margin | 20.12% | 27.84% | 25.26% | 20.43% | 21.00% | 13.85% |
| Net Profit Margin | 20.59% | 20.25% | 19.96% | 26.30% | 19.38% | 11.49% |
| Return on Assets | 11.38% | 12.15% | 12.53% | 16.40% | 14.23% |  |
| Return on Equity | 19.11% | 22.70% | 23.82% | 34.04% | 28.82% |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Activision Blizzard - Profitability Ratios** | | | | | | |
|  | **2019** | **2018** | **2017** | **2016** | **2015** | **Industry Average** |
| Gross Profit Margin | 67.73% | 66.44% | 64.36% | 63.77% | 66.02% | 49.68% |
| Operating Profit Margin | 24.76% | 26.51% | 18.65% | 21.37% | 28.28% | 13.85% |
| Net Profit Margin | 23.16% | 24.17% | 3.89% | 14.62% | 19.13% | 11.49% |
| Return on Equity | 11.74% | 15.96% | 2.89% | 10.59% | 11.06% |  |
| Return on Assets | 7.57% | 10.17% | 1.46% | 5.54% | 5.85% |  |

**TrendAnalysis.**EA’s has reported high-profit margins from 2015 to 2019. EA’s return on assets and return on equity has gone down from 2015 to 2018 with a 20.08% decrease in return on assets and a 33.68% fall in return on equity. The decrease in ROE may be due to a more significant rise in shareholder’s equity in comparison to net income. Moreover, the fall in return on assets maybe as a result of total assets increasing at a faster pace than net income.

Activision Blizzard has had good profit margins from 2015 to 2019. Activision Blizzard had a 6.16% increase in return on equity and a 29.49% increase in return on assets. However, in 2017, ROE plummeted to 2.89% due to a large decrease in net income. This fall in net income could be due to poor performance of games and software released that year.

**Cross Sectional Analysis.** When comparing the two companies, EA has a greater gross income but smaller operating and net income in 2019 while Activision Blizzard has a greater amount of revenue per sale. Moreover, EA has a greater return on equity with a significantly less amount of shareholders equity compared with Activision Blizzard. Also, EA has a greater return on assets and looks on paper as a more profitable company. EA’s profitability ratios might be better than Activision Blizzard because EA has a smaller cost of production compared to Activision Blizzard. EA has a gross profit margin, operating profit margin, and net profit margin of 47.53%, 45.27%, and 79.16% above industry average respectively. Whiles, ATVI has a gross profit margin, operating profit margin, and net profit margin of 36.33%, 78.81%, and 101.59% above industry average respectively. This is good for both companies as they are providing their investors with greater earnings compared to other companies in the industry.

**Efficiency Ratios**

Efficiency ratios are used to analyze how well a firm uses its assets and liabilities to generate revenue. These ratios are usually used to track and analyze the performance of a firm by creditors and banks. Below are the two tables showing the efficiency ratios of the two companies.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Electronic Arts - Efficiency Ratios** | | | | | | |
|  | **2019** | **2018** | **2017** | **2016** | **2015** | **Industry Average** |
| Inventory Turnover | 0.00 | 0.00 | 0.00 | 41.03 | 39.69 |  |
| Average Age of Inventory (Days) | 0.00 | 0.00 | 0.00 | 8.90 | 9.20 |  |
| Collection Period (Days) | 45.94 | 27.29 | 27.05 | 19.35 | 29.26 |  |
| Payables Period (Days) | 31.20 | 13.72 | 24.46 | 23.99 | 17.37 |  |
| Fixed Asset Turnover | 11.05 | 11.37 | 11.16 | 10.01 | 9.84 |  |
| Total Asset Turnover | 0.55 | 0.60 | 0.63 | 0.62 | 0.73 | 0.6 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Activision Blizzard - Efficiency Ratios** | | | | | |  | |
|  | **2019** | **2018** | **2017** | **2016** | **2015** | | **Industry Average** |
| Inventory Turnover | 65.44 | 58.53 | 54.37 | 48.86 | 12.38 | |  |
| Average Age of Inventory (Days) | 5.58 | 6.24 | 6.71 | 7.47 | 29.48 | |  |
| Collection Period (Days) | 47.70 | 50.37 | 47.75 | 40.43 | 53.14 | |  |
| Payables Period (Days) | 50.90 | 36.69 | 47.14 | 33.85 | 65.40 | |  |
| Fixed Asset Turnover | 25.65 | 26.60 | 23.87 | 25.61 | 24.68 | |  |
| Total Asset Turnover | 0.33 | 0.42 | 0.38 | 0.38 | 0.31 | | 0.60 |

**Trend Analysis.** EA’s inventory has plummeted to zero in 2019, therefore causing their inventory turnover of 39.69 in 2015 to become uncalculatable in 2019 due to EA restructuring their business to eliminate inventory and have retailers sell their merchandise. Also, the rise of downloading games rather than purchasing a CD might have attributed to this fall in inventory. Their collections period has increased from 29.25 in 2015 to 45.94 in 2019, which indicates that the business may need better communication with customers regarding debts and the firm’s expectation of payment. The payables period has fluctuated but has increased from 2015 to 2019. This indicates that they have the money they would use to pay their debts for longer, meaning they have more time to utilize these monies to generate revenue. Fixed asset turnover has increased from 2015 whiles total asset turnover has fallen. This might be due to the increase in the firm’s collection period.

Activision Blizzard’s inventory turnover has increased drastically from 2015 to 2019 due to the industry trend of retailers and distributors selling company inventory and the rise of video game downloads. This fall in inventory has led to a drastic fall in the average age of inventory. Moreover, the collections period has remained steady and the payables period has fluctuated but has fallen. This might be good for the firm as it may mean that the firms are in a better financial position and can pay off its debt quicker. Fixed assets turnover and total assets turnover have remained steady across the five years, but EA’s total asset turnover is almost 50% less than the industry average. This suggests that the firm’s assets are not being utilized as well as it should in the industry.

**CrossSectionalAnalysis.**When comparing the two companies, Activision Blizzard has a significantly better inventory turnover, along with the average age of inventory. However, both companies seem to be changing their supply structure to not hold any inventory, as Electronic Arts does not have any inventory figures recorded on their balance sheet from 2016 onwards. However, Electronic Arts has a slightly better collections period and payables period, so this may indicate that they are in a better financial position than Activision Blizzard, as EA is able to get its money faster from customers and extend its payments to creditors longer. Activision Blizzard’s fixed asset turnover is significantly greater than Electronic Art’s but ATVI’s total asset turnover is lacking as it is 40% less than Electronic Art’s. This means that Activision Blizzard’s asset management is more inefficient compared to Electronic Art’s.

**Debt Ratios**

Debt ratios measure the extent that a firm uses its debt to fund its business and its ability to repay that debt. The more debt a firm has, the greater its risk of being unable to pay back its debt payments. Below are two tables showing the debt ratios of both companies.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Electronic Arts - Debt Ratios** | | | | | | |
|  | **2019** | **2018** | **2017** | **2016** | **2015** | **Industry Average** |
| Debt Ratio | 40.48% | 46.47% | 47.40% | 51.80% | 50.11% |  |
| Times Interest Earned Ratio | 22.13 | 32.59 | 26.04 | 32.07 | 30.58 |  |
| Debt-To-Equity Ratio | 0.19 | 0.22 | 0.24 | 0.29 | 0.21 | 0.43 |
| Financial leverage multiplier | 1.68 | 1.87 | 1.90 | 2.08 | 2.02 | 2.21 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Activision Blizzard - Debt Ratios** | | | | | | |
|  | **2019** | **2018** | **2017** | **2016** | **2015** | **Industry Average** |
| Debt Ratio | 35.47% | 36.32% | 49.31% | 47.75% | 47.10% |  |
| Times Interest Earned Ratio | 17.86 | 14.20 | 0.00 | 0.00 | 0.00 |  |
| Debt-To-Equity Ratio | 0.21 | 0.24 | 0.47 | 0.54 | 0.51 | 0.43 |
| Financial leverage multiplier | 1.55 | 1.57 | 1.97 | 1.91 | 1.89 | 2.21 |

**TrendAnalysis.**Electronic Arts’ debt ratio has decreased over the last five years as well as their times interest earned ratio, debt to equity ratio, and financial leverage multiplier. This means that the firm’s ability to pay its annual interest charges with their operating income has decreased. Also, the firm’s debt to equity ratio is more than 50% lower than the industry average which indicates that the firm is not taking advantage of the increased profits that financing with leverage may bring. However, by not financing with leverage, the company is avoiding more risk which creditors and bank try to avoid.

Activision Blizzard has seen its debt ratio fall over the past five years as well as its debt to equity ratio and financial leverage multiplier, while their interest expense has increased. A fall in Activision Blizzard’s debt to equity ratio indicates that the firm is not taking advantage of its increased profits that financing leverage may bring. However, by not financing with leverage, the company is avoiding more risk which creditors and bank try to avoid.

**Cross*-*SectionalAnalysis.**When comparing the two companies, both firms do not finance their operations mostly with debt. Electronic Arts has greater debt ratio, times interest earned ratio, and financial leverage multiplier, but Activision Blizzard has the higher debt to equity ratio, meaning Activision Blizzard uses more debt to finance its operations.

**Market Ratios**

Market ratios are used to gauge the present share price of a company. This ratio allows current and potential investors to determine whether a company’s share price is overvalued or undervalued. Below are two tables showing the market ratios of both companies.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Electronic Arts - Market Ratios** | | | | | | |
|  | **2019** | **2018** | **2017** | **2016** | **2015** | **Industry Average** |
| Market Price per Share | $102.67 | $111.72 | $89.52 | $66.11 | $58.82 |  |
| Book price per share | $17.88 | $15.00 | $13.17 | $11.30 | $9.80 | $2.63 |
| Market to Book ratio | $5.74 | $7.45 | $6.80 | $5.85 | $6.00 | $5.42 |
| Market capitalization | $30,606,645.69 | $34,227,656.40 | $27,605,013.84 | $19,872,798.22 | $18,215,436.42 |  |
| Price to Earnings Ratio | $30.83 | $33.45 | $29.06 | $18.89 | $21.87 | $30.29 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Activision Blizzard – Market Ratios** | | | | | | |
|  | **2019** | **2018** | **2017** | **2016** | **2015** | **Industry Average** |
| Market Price per Share | $59.42 | $46.20 | $62.49 | $35.42 | $37.67 |  |
| Book price per share | $16.66 | $14.88 | $12.49 | $12.23 | $10.98 | $2.63 |
| Market to Book ratio | $3.57 | $3.11 | $5.00 | $2.90 | $3.43 | $5.42 |
| Market capitalization | $45,679,729.48 | $35,269,889.42 | $47,336,499.64 | $26,405,135.30 | $27,668,715.54 |  |
| Price to Earnings Ratio | $30.47 | $19.66 | $173.58 | $27.67 | $31.66 | $30.29 |

**Trend Analysis.** Electronic Arts’ market price per share has almost doubled from $58.82 in 2015 to $102.67 in 2018. Also, their book price per share has increased within the same period. However, the increase in market price per share ratio and book price per share ratio has not been the same, which has led to fluctuations with a max market to book ratio of $7.45 in 2018 followed by a drastic fall to $5.74 the following year. The firm’s price to earnings ratio fell from 2015 at $21.87 to 2016 to $18.89, then rose to $30.83 in 2019. This means that there was a rise in earnings expectations from Electronic Arts’ investors.

Activision Blizzard’s market price per share has increased from 2015 at $37.67 to $59.42 in 2019. Their book per share has increased every year but not at the rate as market price per share. This has led to a fluctuation in the market to book ratio. Their price to earnings ratio spiked in 2017 at $173.58 from $27.67 the previous year. This is due to a significant fall in net income in 2017 as income expense rose significantly.

**Cross Sectional Analysis.** When comparing the two companies, it is obvious that Electronic Arts has been the more demanded company as its market price per share is significantly greater than the market price per share of Activision Blizzard from 2015 to 2019. Both Electronic Art’s and Activision Blizzard’s book price per share is significantly greater than the industry average. This means that both companies’ investors are expecting an increase in earnings from both businesses. Moreover, only Electronic Art has a greater market to book ratio than the industry average and both companies’ price to earnings ratio is similar and is very close to the industry average.

# **Common Size and Cash Flow Analysis**

**Common Size Financial Statements**

Common size analysis is a method of evaluating financial information by expressing each item in a financial statement as a percentage of a base amount for the same period. With a common size income statement, the document shows how the different financials on an income statement vary from year to year as a percentage of sales. It goes deeper into details and aids investors when a decision needs to be made. One of the advantages of these types of analysis is that it allows for vertical analysis. Another advantage is that percentage figures instead of dollar figures give a clean and simple view of the statements. Moreover, drastic falls or rises in a company’s financial statements can easily be noticed.

From 2015 to 2019, looking at the common size balance sheet for Electronic Arts, we can see that current assets as a percentage of total assets have been on an upward trend, so has cash and cash equivalents. However, net property and equipment, and goodwill as a percentage of total assets have been on the opposite trend. This has had positive implications on Electronic Arts liquidity ratios. Current liabilities as a percentage of total assets have been decreasing throughout the five years while other liabilities as a percentage of total assets have been fluctuating. This has led to a downward trend in total liabilities as a percentage of total assets. When looking at the common-size income statement of Electronic Arts, the firm’s gross profit as a percentage of total revenue has been increasing. However, net income as a percentage of total revenue has fluctuated from 2015 to 2017 but has remained steady from 2018 to 2019.

When examining Activision Blizzard’s common size balance sheet, the firm’s cash and cash equivalents as a percentage of total assets have been on an upward trajectory which has contributed to an improvement in the company’s liquidity ratios. Account receivables and other current assets as a percentage of total assets have fluctuated but, current assets as a percentage of total assets have increased during the five years. In the same period, total current liabilities as a percentage has fluctuated, long-term debt as a percentage of total assets has been on a downward trend while total shareholder’s equity as a percentage of total assets has been on an upward trend. When examining Electronic Arts' common-size income sheet, net income as a percentage of total revenue saw a significant deep in 2017 but was corrected in 2018 and 2019.

Cash Flow Analysis

Cash flow analysis looks at the monetary inflows and outflow of a business during s specific period, usually annually. Keeping track of a company’s cash flow is necessary for a healthy business.

For Electronic Arts, the company manages to make a profit each year as it has managed to keep its inflows substantially above its outflows with a peak net income in 2016. This is good as it shows that the company is in a good financial position and is profitable. The company’s inventory has flat lined to zero as it did not record any inventory figure from 2016 as it moves more towards third party distribution and online video game sales, while its accounts payable has fluctuated throughout the five years.

Activision Blizzard's net income has fluctuated over the past five years with a peak net income in 2016. With high profits, this shows that the company is in a good profitability situation and will look enticing to investors. This may be due to recent successes such as Call of Duty: WWII and World of Warcraft. However, net income fell the following year in 2017 due to a rise in income expenses.

# **Summary and Conclusion**

Overall, Electronic Arts appears to be the company in a better financial position compared to Activision Blizzard. The gaming industry has enjoyed steady growth through this decade and recently, with a large boom due to the COVID-19 pandemic, the businesses have never done better. Due to the quarantine and the increased demand for entertainment, video games, and interactive software are being consumed at an unanticipated rate. This large increase in consumption could lead to a large spike in net income for both Electronic Arts and Activision Blizzard. With the coronavirus pandemic’s end not in sight, this year looks ripe for Electronic Arts and Activision Blizzard to take full advantage. However, due to the large and unexpected spike in consumption most games by these two companies that use online servers are beginning to slow down leading to reduced user speed and performance. If this issue is not addressed quickly this might lead to a fall in demand for these two companies’ products in the future due to bad user experience which could affect the companies’ profitability.

Concerning investing in one of the two company’s stocks, I would recommend Electronic Art’s because they have a similar price to earnings ratio compared to Activision Blizzard, and Electronic Arts have better liquidity ratios, return on equity, and the company seems to be the more innovative business with their expansion into software distribution. Also, Electronic Arts' most beloved games are created based on very popular intellectual properties including sports. Therefore, as long as these intellectual properties are in demand, so will Electronic Arts’ games. Hence, Electronic Arts is in a great position to continue being profitable.

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# Appendix A

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Appendix A** | **Electronic Arts - Balance Sheet** | | | | |
| **Ratio** | **2019** | **2018** | **2017** | **2016** | **2015** |
| Cash & cash equivalents | 4708000 | 4258000 | 2565000 | 2493000 | 2068000 |
| Short-term investments | 737000 | 1073000 | 1967000 | 1341000 | 953000 |
| Receivables, gross | 630000 | 550000 | 504000 | 392000 | 502000 |
| Allowances | 7000 | 165000 | 145000 | 159000 | 140000 |
| Receivables, net | 623000 | 385000 | 359000 | 233000 | 362000 |
| Finished goods | 0 | 0 | 0 | 0 | 35000 |
| Raw materials & work in process | 0 | 0 | 0 | 0 | 1000 |
| Inventories | 0 | 0 | 0 | 33000 | 36000 |
| Deferred income taxes, net | 0 | 0 | 0 | 0 | 54000 |
| Other current assets | 313000 | 288000 | 308000 | 254000 | 247000 |
| Total current assets | 6381000 | 6004000 | 5199000 | 4354000 | 3720000 |
| Computer equipment & software | 710000 | 744000 | 723000 | 684000 | 655000 |
| Buildings | 343000 | 336000 | 316000 | 313000 | 315000 |
| Leasehold improvements | 139000 | 139000 | 126000 | 129000 | 126000 |
| Equipment, furniture & fixtures & other property & equipment | 80000 | 84000 | 82000 | 80000 | 64000 |
| Land | 66000 | 66000 | 61000 | 61000 | 62000 |
| Construction in progress | 21000 | 7000 | 7000 | 15000 | 7000 |
| Warehouse equipment & other property & equipment | 0 | 0 | 0 | 0 | 9000 |
| Gross property & equipment | 1359000 | 1376000 | 1315000 | 1282000 | 1238000 |
| Less: accumulated depreciation | 911000 | 923000 | 881000 | 843000 | 779000 |
| Property & equipment, net | 448000 | 453000 | 434000 | 439000 | 459000 |
| Goodwill | 1892000 | 1883000 | 1707000 | 1710000 | 1713000 |
| Acquisition-related intangibles, net | 87000 | 71000 | 8000 | 57000 | 111000 |
| Deferred income taxes, net | 35000 | 84000 | 286000 | 387000 | 13000 |
| Other assets | 114000 | 89000 | 84000 | 103000 | 131000 |
| Total assets | 8957000 | 8584000 | 7718000 | 7050000 | 6147000 |
| Accounts payable | 113000 | 48000 | 87000 | 89000 | 68000 |
| Accrued compensation & benefits | 238000 | 282000 | 267000 | 256000 | 263000 |
| Other accrued expenses | 290000 | 260000 | 210000 | 218000 | 298000 |
| Accrued royalties | 144000 | 171000 | 165000 | 159000 | 119000 |
| Sales return & price protection reserves | 150000 | 0 | 0 | 0 | 0 |
| Contingent consideration | 136000 | 0 | 0 | 0 | 0 |
| Deferred net revenue (other) | 94000 | 108000 | 147000 | 77000 | 114000 |
| Accrued & other current liabilities | 1052000 | 821000 | 789000 | 710000 | 794000 |
| 0.75% convertible senior notes due 2016, net | 0 | 0 | 0 | 161000 | 602000 |
| Deferred net revenue (online-enabled games) | 1100000 | 1622000 | 1539000 | 1458000 | 1283000 |
| Total current liabilities | 2265000 | 2491000 | 2415000 | 2418000 | 2747000 |
| Senior notes, net | 994000 | 992000 | 990000 | 989000 | 0 |
| Income tax obligations | 233000 | 250000 | 104000 | 80000 | 70000 |
| Deferred income taxes, net | 2000 | 1000 | 1000 | 2000 | 80000 |
| Other liabilities | 132000 | 255000 | 148000 | 163000 | 183000 |
| Total liabilities | 3626000 | 3989000 | 3658000 | 3652000 | 3080000 |
| 0.75% convertible senior notes due 2016 | 0 | 0 | 0 | 2000 | 31000 |
| Common stock | 3000 | 3000 | 3000 | 3000 | 3000 |
| Additional paid-in capital | 0 | 657000 | 1049000 | 1349000 | 2127000 |
| Retained earnings (accumulated deficit) | 5358000 | 4062000 | 3027000 | 2060000 | 904000 |
| Unrealized gains (losses) on available-for-sale securities | -1000 | -8000 | -3000 | 1000 | -3000 |
| Unrealized gains (losses) on derivative instruments | 22000 | -89000 | 32000 | 14000 | 21000 |
| Foreign currency translation adjustments | -51000 | -30000 | -48000 | -31000 | -16000 |
| Accumulated other comprehensive income (loss) | -30000 | -127000 | -19000 | -16000 | 2000 |
| Total stockholders' equity | 5331000 | 4595000 | 4060000 | 3396000 | 3036000 |
| Total liabilities and shareholder's equity | 8957000 | 8584000 | 7718000 | 7048000 | 6116000 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Appendix A** | **Balance Sheet - Activision Blizzard** | | | | |
|  | **2019** | **2018** | **2017** | **2016** | **2015** |
| Cash | 437000 | 268000 | 269000 | 286000 | 176000 |
| Foreign government treasury bills | 37000 | 32000 | 39000 | 38000 | 34000 |
| Money market funds | 5320000 | 3925000 | 4405000 | 2921000 | 1613000 |
| Cash & cash equivalents | 5794000 | 4225000 | 4713000 | 3245000 | 1823000 |
| Short-term investments | 0 | 0 | 0 | 0 | 8000 |
| Account receivable, gross | 980000 | 1225000 | 1197000 | 993000 | 1022000 |
| Less: allowances - accounts receivable | 132000 | 190000 | 279000 | 261000 | 343000 |
| Accounts receivable, net | 848000 | 1035000 | 918000 | 732000 | 679000 |
| Finished goods | 0 | 40000 | 45000 | 40000 | 101000 |
| Purchased parts & components | 0 | 3000 | 1000 | 9000 | 27000 |
| Inventories, net | 32000 | 43000 | 46000 | 49000 | 128000 |
| Software development | 322000 | 264000 | 367000 | 412000 | 336000 |
| Intellectual property licenses | 0 | 0 | 0 | 0 | 30000 |
| Other current assets | 296000 | 539000 | 476000 | 392000 | 383000 |
| Total current assets | 7292000 | 6106000 | 6520000 | 4830000 | 3387000 |
| Cash in escrow | 0 | 0 | 0 | 0 | 3561000 |
| Long-term investments | 0 | 0 | 0 | 0 | 9000 |
| Software development | 54000 | 65000 | 86000 | 54000 | 80000 |
| Land | 1000 | 1000 | 1000 | 1000 | 1000 |
| Buildings | 4000 | 4000 | 4000 | 4000 | 4000 |
| Leasehold improvements | 252000 | 248000 | 224000 | 162000 | 109000 |
| Computer equipment | 654000 | 700000 | 658000 | 560000 | 431000 |
| Office furniture & other equipment | 91000 | 99000 | 92000 | 78000 | 52000 |
| Total cost of property & equipment | 1002000 | 1052000 | 979000 | 805000 | 597000 |
| Less: accumulated depreciation | 749000 | 770000 | 685000 | 547000 | 408000 |
| Property & equipment, net | 253000 | 282000 | 294000 | 258000 | 189000 |
| Deferred income taxes, net | 1293000 | 403000 | 459000 | 283000 | 275000 |
| Other assets | 658000 | 482000 | 440000 | 401000 | 173000 |
| Intangible assets, net | 531000 | 735000 | 1106000 | 1858000 | 49000 |
| Trademark & trade names | 0 | 0 | 0 | 0 | 433000 |
| Goodwill | 9764000 | 9762000 | 9763000 | 9768000 | 7095000 |
| Total assets | 19845000 | 17835000 | 18668000 | 17452000 | 15251000 |
| Accounts payable | 292000 | 253000 | 323000 | 222000 | 284000 |
| Deferred revenues | 1375000 | 1493000 | 1929000 | 1628000 | 1702000 |
| Accrued expenses & other liabilities | 1248000 | 896000 | 1411000 | 806000 | 625000 |
| Total current liabilities | 2915000 | 2642000 | 3663000 | 2656000 | 2611000 |
| Term loan | 0 | 0 | 990000 | 2690000 | 1869000 |
| Notes | 2700000 | 2700000 | 3450000 | 2250000 | 2250000 |
| Total debt | 2700000 | 2700000 | 4440000 | 4940000 | 4119000 |
| Unamortized discount | 0 | 0 | 0 | -53000 | -40000 |
| Unamortized discount & deferred financing costs | -25000 | -29000 | -50000 | 0 | 0 |
| Long-term debt, net | 2675000 | 2671000 | 4390000 | 4887000 | 4079000 |
| Deferred income taxes, net | 505000 | 18000 | 21000 | 44000 | 10000 |
| Other liabilities | 945000 | 1147000 | 1132000 | 746000 | 483000 |
| Total liabilities | 7040000 | 6478000 | 9206000 | 8333000 | 7183000 |
| Additional paid-in capital | 11174000 | 10963000 | 10747000 | 10442000 | 10242000 |
| Less: treasury stock, at cost | 5563000 | 5563000 | 5563000 | 5563000 | 5637000 |
| Retained earnings (accumulated deficit) | 7813000 | 6558000 | 4916000 | 4869000 | 4096000 |
| Foreign currency translation adjustments | -624000 | -629000 | -623000 | -629000 | -630000 |
| Unrealized gain (loss) on forward contracts | 8000 | 23000 | -15000 | 0 | -4000 |
| Unrealized gain on available-for-sale securities | -3000 | 5000 | 0 | 0 | 1000 |
| Accumulated other comprehensive income (loss) | -619000 | -601000 | -638000 | -629000 | -633000 |
| Total shareholders' equity | 12805000 | 11357000 | 9462000 | 9119000 | 8068000 |
| Total Liabilities and Stockholders’ Equity | 19845000 | 17835000 | 18668000 | 17452000 | 15251000 |

# Appendix B

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Appendix B** | **Electronic Arts - Income Statement** | | | | |
| **Ratio** | **2019** | **2018** | **2017** | **2016** | **2015** |
| Product revenue | 1593000 | 2586000 | 2640000 | 2497000 | 2568000 |
| Service & other revenue | 3357000 | 2564000 | 2205000 | 1899000 | 1947000 |
| Total net revenue | 4950000 | 5150000 | 4845000 | 4396000 | 4515000 |
| Cost of revenue: product | 517000 | 822000 | 893000 | 938000 | 1028000 |
| Cost of revenue: service & other | 805000 | 455000 | 405000 | 416000 | 401000 |
| Total cost of revenue | 1322000 | 1277000 | 1298000 | 1354000 | 1429000 |
| Gross profit | 3628000 | 3873000 | 3547000 | 3042000 | 3086000 |
| Research & development expense | 1433000 | 1320000 | 1205000 | 1109000 | 1094000 |
| Marketing & sales expense | 702000 | 641000 | 673000 | 622000 | 647000 |
| General & administrative expense | 460000 | 469000 | 439000 | 406000 | 386000 |
| Acquisition-related contingent consideration | 14000 | 0 | 0 | 0 | -3000 |
| Amortization of intangibles | 23000 | 9000 | 6000 | 7000 | 14000 |
| Total operating expenses | 2632000 | 2439000 | 2323000 | 2144000 | 2138000 |
| Operating income (loss) | 996000 | 1434000 | 1224000 | 898000 | 948000 |
| Loss on conversion of convertible notes | 0 | 0 | 0 | -10000 | 0 |
| Amortization of debt discount | 1000 | 0 | 2000 | 17000 | 22000 |
| Amortization of debt issuance costs | 2000 | 2000 | 2000 | 3000 | 3000 |
| Coupon interest expense | 41000 | 42000 | 42000 | 7000 | 5000 |
| Other interest expense | 1000 | 0 | 1000 | 1000 | 1000 |
| Interest expense | 45000 | 44000 | 47000 | 28000 | 31000 |
| Interest income | 88000 | 50000 | 25000 | 15000 | 10000 |
| Net gain (loss) on foreign currency transactions | -9000 | 18000 | -40000 | -14000 | -62000 |
| Net gain (loss) on foreign currency forward contracts | 50000 | -16000 | 46000 | 15000 | 59000 |
| Other income (expense), net | -1000 | 7000 | 2000 | 1000 | 1000 |
| Interest & other income (expense), net | 83000 | 15000 | -14000 | -21000 | -23000 |
| Income (loss) before provision for (benefit from) income taxes - domestic | 170000 | 440000 | 382000 | 133000 | 232000 |
| Income (loss) before provision for (benefit from) income taxes - foreign | 909000 | 1009000 | 828000 | 744000 | 693000 |
| Income (loss) before provision for (benefit from) income taxes | 1079000 | 1449000 | 1210000 | 877000 | 925000 |
| Current federal income tax expense (benefit) | 29000 | 138000 | 86000 | 69000 | 10000 |
| Current state income tax expense (benefit) | 5000 | 4000 | 3000 | 5000 | 0 |
| Current foreign income tax expense (benefit) | 42000 | 61000 | 51000 | 36000 | 21000 |
| Total current income tax expense (benefit) | 76000 | 203000 | 140000 | 110000 | 31000 |
| Deferred federal income tax expense (benefit) | -18000 | 197000 | 96000 | -376000 | 17000 |
| Deferred state income tax expense (benefit) | 0 | 9000 | 9000 | -14000 | 0 |
| Deferred foreign income tax expense (benefit) | 2000 | -3000 | -2000 | 1000 | 2000 |
| Total deferred income tax expense (benefit) | -16000 | 203000 | 103000 | -389000 | 19000 |
| Provision for (benefit from) income taxes | 60000 | 406000 | 243000 | -279000 | 50000 |
| Net income (loss) | 1019000 | 1043000 | 967000 | 1156000 | 875000 |
| Weighted average shares outstanding - basic | 303000 | 308000 | 303000 | 310000 | 311000 |
| Weighted average shares outstanding - diluted | 306000 | 312000 | 314000 | 330000 | 325000 |
| Year end shares outstanding | 298107 | 306370 | 308367 | 300602 | 309681 |
| Net income (loss) per share - basic | 3.36 | 3.39 | 3.19 | 3.73 | 2.81 |
| Net income (loss) per share - diluted | 3.33 | 3.34 | 3.08 | 3.5 | 2.69 |
| Number of full time employees | 9700 | 9300 | 8800 | 8500 | 8400 |
| Number of common stockholders | 849 | 1159 | 1230 | 1305 | 1324 |
| Foreign currency translation adjustments | -21000 | 18000 | -17000 | -15000 | 0 |

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| **Appendix B** | **Income Statement - Electronic Arts** | | | | |
|  | **2019** | **2018** | **2017** | **2016** | **2015** |
| Product sales | 1975000 | 2255000 | 2110000 | 2196000 | 2447000 |
| Subscription, licensing & other revenues | 4514000 | 5245000 | 4907000 | 4412000 | 2217000 |
| Total net revenues | 6489000 | 7500000 | 7017000 | 6608000 | 4664000 |
| Cost of product sales - product costs | 656000 | 719000 | 733000 | 741000 | 921000 |
| Cost of sales - online subscriptions | 0 | 0 | 0 | 0 | 224000 |
| Cost of sales - software royalties & amortization | 0 | 0 | 0 | 0 | 412000 |
| Cost of product sales - software royalties, amortization & intellectual property licenses | 240000 | 371000 | 300000 | 331000 | 0 |
| Cost of subscription, licensing & other revenues - game operations & distribution costs | 965000 | 1028000 | 984000 | 851000 | 0 |
| Cost of subscription, licensing & other revenues - software royalties, amortization & intellectual property licenses | 233000 | 399000 | 484000 | 471000 | 0 |
| Cost of sales - intellectual property licenses | 0 | 0 | 0 | 0 | 28000 |
| Product development | 998000 | 1101000 | 1069000 | 958000 | 646000 |
| Sales & marketing | 926000 | 1062000 | 1378000 | 1210000 | 734000 |
| General & administrative | 732000 | 832000 | 760000 | 634000 | 380000 |
| Restructuring & related costs | 132000 | 0 | 0 | 0 | 0 |
| Total costs & expenses | 4882000 | 5512000 | 5708000 | 5196000 | 3345000 |
| Operating income (loss) | 1607000 | 1988000 | 1309000 | 1412000 | 1319000 |
| Interest income | 79000 | 65000 | 0 | 0 | 0 |
| Interest expense from debt & amortization of debt discount & deferred financing costs | 90000 | 140000 | 0 | 0 | 0 |
| Unrealized gain on equity investment | 38000 | 0 | 0 | 0 | 0 |
| Other income (expense), net | -1000 | 4000 | 0 | 0 | 0 |
| Interest & other income (expense), net | 26000 | -71000 | 0 | 0 | -198000 |
| Interest & other income (expense), net | 0 | 0 | -146000 | -214000 | 0 |
| Income (loss) on extinguishment of debt | 0 | -40000 | -12000 | -92000 | 0 |
| Income (loss) before income tax expense (benefit) - domestic | 328000 | 432000 | 185000 | 228000 | 355000 |
| Income (loss) before income tax expense (benefit) - foreign | 1305000 | 1445000 | 966000 | 878000 | 766000 |
| Income (loss) before income tax expense (benefit) | 1633000 | 1877000 | 1151000 | 1106000 | 1121000 |
| Current income tax expense (benefit) - federal | 136000 | -228000 | 696000 | -15000 | 169000 |
| Current income tax expense (benefit) - state | 24000 | -15000 | 26000 | 16000 | 31000 |
| Current income tax expense (benefit) - foreign | 323000 | 280000 | 335000 | 150000 | 40000 |
| Total current income tax expense (benefit) | 483000 | 37000 | 1057000 | 151000 | 240000 |
| Deferred income tax expense (benefit) - federal | 781000 | -98000 | -111000 | 40000 | 1000 |
| Deferred income tax expense (benefit) - state | -16000 | 106000 | -32000 | -13000 | -21000 |
| Deferred income tax expense (benefit) - foreign | -1118000 | 19000 | -36000 | -38000 | 9000 |
| Total deferred income tax expense (benefit) | -353000 | 27000 | -179000 | -11000 | -11000 |
| Income tax expense (benefit) | 130000 | 64000 | 878000 | 140000 | 229000 |
| Net income (loss) | 1503000 | 1813000 | 273000 | 966000 | 892000 |
| Weighted average shares outstanding - basic | 767000 | 762000 | 754000 | 740000 | 728000 |
| Weighted average shares outstanding - diluted | 771000 | 771000 | 766000 | 754000 | 739000 |
| Year end shares outstanding | 768760.173 | 763417.52 | 757505.195 | 745486.598 | 734502.669 |
| Net earnings (loss) per common share - basic | 1.96 | 2.38 | 0.36 | 1.3 | 1.21 |
| Net earnings (loss) per common share - diluted | 1.95 | 2.35 | 0.36 | 1.28 | 1.19 |
| Dividends per common share | 0.37 | 0.34 | 0.3 | 0.26 | 0.23 |
| Total number of employees | 9200 | 9900 | 9800 | 9600 | 7300 |
| Number of common stockholders | 1574 | 1616 | 1663 | 1678 | 1752 |
| Foreign currency translation adjustments | 0 | -9000 | 36000 | -29000 | -326000 |

# Appendix C

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| **Appendix C** | **Electronic Arts - Common-Size Balance Sheet** | | | | |
|  | **2019** | **2018** | **2017** | **2016** | **2015** |
| Cash & cash equivalents | 52.56% | 49.60% | 33.23% | 35.36% | 33.64% |
| Short-term investments | 8.23% | 12.50% | 25.49% | 19.02% | 15.50% |
| Receivables, gross | 7.03% | 6.41% | 6.53% | 5.56% | 8.17% |
| Allowances | 0.08% | 1.92% | 1.88% | 2.26% | 2.28% |
| Receivables, net | 6.96% | 4.49% | 4.65% | 3.30% | 5.89% |
| Finished goods | 0.00% | 0.00% | 0.00% | 0.00% | 0.57% |
| Raw materials & work in process | 0.00% | 0.00% | 0.00% | 0.00% | 0.02% |
| Inventories | 0.00% | 0.00% | 0.00% | 0.47% | 0.59% |
| Deferred income taxes, net | 0.00% | 0.00% | 0.00% | 0.00% | 0.88% |
| Other current assets | 3.49% | 3.36% | 3.99% | 3.60% | 4.02% |
| Total current assets | 71.24% | 69.94% | 67.36% | 61.76% | 60.52% |
| Computer equipment & software | 7.93% | 8.67% | 9.37% | 9.70% | 10.66% |
| Buildings | 3.83% | 3.91% | 4.09% | 4.44% | 5.12% |
| Leasehold improvements | 1.55% | 1.62% | 1.63% | 1.83% | 2.05% |
| Equipment, furniture & fixtures & other property & equipment | 0.89% | 0.98% | 1.06% | 1.13% | 1.04% |
| Land | 0.74% | 0.77% | 0.79% | 0.87% | 1.01% |
| Construction in progress | 0.23% | 0.08% | 0.09% | 0.21% | 0.11% |
| Warehouse equipment & other property & equipment | 0.00% | 0.00% | 0.00% | 0.00% | 0.15% |
| Gross property & equipment | 15.17% | 16.03% | 17.04% | 18.18% | 20.14% |
| Less: accumulated depreciation | 10.17% | 10.75% | 11.41% | 11.96% | 12.67% |
| Property & equipment, net | 5.00% | 5.28% | 5.62% | 6.23% | 7.47% |
| Goodwill | 21.12% | 21.94% | 22.12% | 24.26% | 27.87% |
| Acquisition-related intangibles, net | 0.97% | 0.83% | 0.10% | 0.81% | 1.81% |
| Deferred income taxes, net | 0.39% | 0.98% | 3.71% | 5.49% | 0.21% |
| Other assets | 1.27% | 1.04% | 1.09% | 1.46% | 2.13% |
| Total assets | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
|  |  |  |  |  |  |
| Accounts payable | 1.26% | 0.56% | 1.13% | 1.26% | 1.11% |
| Accrued compensation & benefits | 2.66% | 3.29% | 3.46% | 3.63% | 4.30% |
| Other accrued expenses | 3.24% | 3.03% | 2.72% | 3.09% | 4.87% |
| Accrued royalties | 1.61% | 1.99% | 2.14% | 2.26% | 1.95% |
| Sales return & price protection reserves | 1.67% | 0.00% | 0.00% | 0.00% | 0.00% |
| Contingent consideration | 1.52% | 0.00% | 0.00% | 0.00% | 0.00% |
| Deferred net revenue (other) | 1.05% | 1.26% | 1.90% | 1.09% | 1.86% |
| Accrued & other current liabilities | 11.75% | 9.56% | 10.22% | 10.07% | 12.98% |
| 0.75% convertible senior notes due 2016, net | 0.00% | 0.00% | 0.00% | 2.28% | 9.84% |
| Deferred net revenue (online-enabled games) | 12.28% | 18.90% | 19.94% | 20.69% | 20.98% |
| Total current liabilities | 25.29% | 29.02% | 31.29% | 34.31% | 44.91% |
| Senior notes, net | 11.10% | 11.56% | 12.83% | 14.03% | 0.00% |
| Income tax obligations | 2.60% | 2.91% | 1.35% | 1.14% | 1.14% |
| Deferred income taxes, net | 0.02% | 0.01% | 0.01% | 0.03% | 1.31% |
| Other liabilities | 1.47% | 2.97% | 1.92% | 2.31% | 2.99% |
| Total liabilities | 40.48% | 46.47% | 47.40% | 51.82% | 50.36% |
| 0.75% convertible senior notes due 2016 | 0.00% | 0.00% | 0.00% | 0.03% | 0.51% |
| Common stock | 0.03% | 0.03% | 0.04% | 0.04% | 0.05% |
| Additional paid-in capital | 0.00% | 7.65% | 13.59% | 19.14% | 34.78% |
| Retained earnings (accumulated deficit) | 59.82% | 47.32% | 39.22% | 29.23% | 14.78% |
| Unrealized gains (losses) on available-for-sale securities | -0.01% | -0.09% | -0.04% | 0.01% | -0.05% |
| Unrealized gains (losses) on derivative instruments | 0.25% | -1.04% | 0.41% | 0.20% | 0.34% |
| Foreign currency translation adjustments | -0.57% | -0.35% | -0.62% | -0.44% | -0.26% |
| Accumulated other comprehensive income (loss) | -0.33% | -1.48% | -0.25% | -0.23% | 0.03% |
| Total stockholders' equity | 59.52% | 53.53% | 52.60% | 48.18% | 49.64% |
| Total liabilities and shareholder's equity | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

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| --- | --- | --- | --- | --- | --- | --- |
| **Appendix C** | **Activision Blizzard - Common-Size Balance Sheet** | | | | | |
|  | | **2019** | **2018** | **2017** | **2016** | **2015** |
| Cash | | 2.20% | 1.50% | 1.44% | 1.64% | 1.15% |
| Foreign government treasury bills | | 0.19% | 0.18% | 0.21% | 0.22% | 0.22% |
| Money market funds | | 26.81% | 22.01% | 23.60% | 16.74% | 10.58% |
| Cash & cash equivalents | | 29.20% | 23.69% | 25.25% | 18.59% | 11.95% |
| Short-term investments | | 0.00% | 0.00% | 0.00% | 0.00% | 0.05% |
| Account receivable, gross | | 4.94% | 6.87% | 6.41% | 5.69% | 6.70% |
| Less: allowances - accounts receivable | | 0.67% | 1.07% | 1.49% | 1.50% | 2.25% |
| Accounts receivable, net | | 4.27% | 5.80% | 4.92% | 4.19% | 4.45% |
| Finished goods | | 0.00% | 0.22% | 0.24% | 0.23% | 0.66% |
| Purchased parts & components | | 0.00% | 0.02% | 0.01% | 0.05% | 0.18% |
| Inventories, net | | 0.16% | 0.24% | 0.25% | 0.28% | 0.84% |
| Software development | | 1.62% | 1.48% | 1.97% | 2.36% | 2.20% |
| Intellectual property licenses | | 0.00% | 0.00% | 0.00% | 0.00% | 0.20% |
| Other current assets | | 1.49% | 3.02% | 2.55% | 2.25% | 2.51% |
| Total current assets | | 36.74% | 34.24% | 34.93% | 27.68% | 22.21% |
| Cash in escrow | | 0.00% | 0.00% | 0.00% | 0.00% | 23.35% |
| Long-term investments | | 0.00% | 0.00% | 0.00% | 0.00% | 0.06% |
| Software development | | 0.27% | 0.36% | 0.46% | 0.31% | 0.52% |
| Land | | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% |
| Buildings | | 0.02% | 0.02% | 0.02% | 0.02% | 0.03% |
| Leasehold improvements | | 1.27% | 1.39% | 1.20% | 0.93% | 0.71% |
| Computer equipment | | 3.30% | 3.92% | 3.52% | 3.21% | 2.83% |
| Office furniture & other equipment | | 0.46% | 0.56% | 0.49% | 0.45% | 0.34% |
| Total cost of property & equipment | | 5.05% | 5.90% | 5.24% | 4.61% | 3.91% |
| Less: accumulated depreciation | | 3.77% | 4.32% | 3.67% | 3.13% | 2.68% |
| Property & equipment, net | | 1.27% | 1.58% | 1.57% | 1.48% | 1.24% |
| Deferred income taxes, net | | 6.52% | 2.26% | 2.46% | 1.62% | 1.80% |
| Other assets | | 3.32% | 2.70% | 2.36% | 2.30% | 1.13% |
| Intangible assets, net | | 2.68% | 4.12% | 5.92% | 10.65% | 0.32% |
| Trademark & trade names | | 0.00% | 0.00% | 0.00% | 0.00% | 2.84% |
| Goodwill | | 49.20% | 54.74% | 52.30% | 55.97% | 46.52% |
| Total assets | | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
|  | |  |  |  |  |  |
| Accounts payable | | 1.47% | 1.42% | 1.73% | 1.27% | 1.86% |
| Deferred revenues | | 6.93% | 8.37% | 10.33% | 9.33% | 11.16% |
| Accrued expenses & other liabilities | | 6.29% | 5.02% | 7.56% | 4.62% | 4.10% |
| Total current liabilities | | 14.69% | 14.81% | 19.62% | 15.22% | 17.12% |
| Term loan | | 0.00% | 0.00% | 5.30% | 15.41% | 12.25% |
| Notes | | 13.61% | 15.14% | 18.48% | 12.89% | 14.75% |
| Total debt | | 13.61% | 15.14% | 23.78% | 28.31% | 27.01% |
| Unamortized discount | | 0.00% | 0.00% | 0.00% | -0.30% | -0.26% |
| Unamortized discount & deferred financing costs | | -0.13% | -0.16% | -0.27% | 0.00% | 0.00% |
| Long-term debt, net | | 13.48% | 14.98% | 23.52% | 28.00% | 26.75% |
| Deferred income taxes, net | | 2.54% | 0.10% | 0.11% | 0.25% | 0.07% |
| Other liabilities | | 4.76% | 6.43% | 6.06% | 4.27% | 3.17% |
| Total liabilities | | 35.47% | 36.32% | 49.31% | 47.75% | 47.10% |
| Additional paid-in capital | | 56.31% | 61.47% | 57.57% | 59.83% | 67.16% |
| Less: treasury stock, at cost | | 28.03% | 31.19% | 29.80% | 31.88% | 36.96% |
| Retained earnings (accumulated deficit) | | 39.37% | 36.77% | 26.33% | 27.90% | 26.86% |
| Foreign currency translation adjustments | | -3.14% | -3.53% | -3.34% | -3.60% | -4.13% |
| Unrealized gain (loss) on forward contracts | | 0.04% | 0.13% | -0.08% | 0.00% | -0.03% |
| Unrealized gain on available-for-sale securities | | -0.02% | 0.03% | 0.00% | 0.00% | 0.01% |
| Accumulated other comprehensive income (loss) | | -3.12% | -3.37% | -3.42% | -3.60% | -4.15% |
| Total shareholders' equity | | 64.53% | 63.68% | 50.69% | 52.25% | 52.90% |
| Total Liabilities and Stockholders’ Equity | | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

# Appendix D

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Appendix D** | **Electronic Arts - Common-Size Income Statement** | | | | |
|  | **2019** | **2018** | **2017** | **2016** | **2015** |
| Product revenue | 32.18% | 50.21% | 54.49% | 56.80% | 56.88% |
| Service & other revenue | 67.82% | 49.79% | 45.51% | 43.20% | 43.12% |
| Total net revenue | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Cost of revenue: product | 10.44% | 15.96% | 18.43% | 21.34% | 22.77% |
| Cost of revenue: service & other | 16.26% | 8.83% | 8.36% | 9.46% | 8.88% |
| Total cost of revenue | 26.71% | 24.80% | 26.79% | 30.80% | 31.65% |
| Gross profit | 73.29% | 75.20% | 73.21% | 69.20% | 68.35% |
| Research & development expense | 28.95% | 25.63% | 24.87% | 25.23% | 24.23% |
| Marketing & sales expense | 14.18% | 12.45% | 13.89% | 14.15% | 14.33% |
| General & administrative expense | 9.29% | 9.11% | 9.06% | 9.24% | 8.55% |
| Acquisition-related contingent consideration | 0.28% | 0.00% | 0.00% | 0.00% | -0.07% |
| Amortization of intangibles | 0.46% | 0.17% | 0.12% | 0.16% | 0.31% |
| Total operating expenses | 53.17% | 47.36% | 47.95% | 48.77% | 47.35% |
| Operating income (loss) | 20.12% | 27.84% | 25.26% | 20.43% | 21.00% |
| Loss on conversion of convertible notes | 0.00% | 0.00% | 0.00% | -0.23% | 0.00% |
| Amortization of debt discount | 0.02% | 0.00% | 0.04% | 0.39% | 0.49% |
| Amortization of debt issuance costs | 0.04% | 0.04% | 0.04% | 0.07% | 0.07% |
| Coupon interest expense | 0.83% | 0.82% | 0.87% | 0.16% | 0.11% |
| Other interest expense | 0.02% | 0.00% | 0.02% | 0.02% | 0.02% |
| Interest expense | 0.91% | 0.85% | 0.97% | 0.64% | 0.69% |
| Interest income | 1.78% | 0.97% | 0.52% | 0.34% | 0.22% |
| Net gain (loss) on foreign currency transactions | -0.18% | 0.35% | -0.83% | -0.32% | -1.37% |
| Net gain (loss) on foreign currency forward contracts | 1.01% | -0.31% | 0.95% | 0.34% | 1.31% |
| Other income (expense), net | -0.02% | 0.14% | 0.04% | 0.02% | 0.02% |
| Interest & other income (expense), net | 1.68% | 0.29% | -0.29% | -0.48% | -0.51% |
| Income (loss) before provision for (benefit from) income taxes - domestic | 3.43% | 8.54% | 7.88% | 3.03% | 5.14% |
| Income (loss) before provision for (benefit from) income taxes - foreign | 18.36% | 19.59% | 17.09% | 16.92% | 15.35% |
| Income (loss) before provision for (benefit from) income taxes | 21.80% | 28.14% | 24.97% | 19.95% | 20.49% |
| Current federal income tax expense (benefit) | 0.59% | 2.68% | 1.78% | 1.57% | 0.22% |
| Current state income tax expense (benefit) | 0.10% | 0.08% | 0.06% | 0.11% | 0.00% |
| Current foreign income tax expense (benefit) | 0.85% | 1.18% | 1.05% | 0.82% | 0.47% |
| Total current income tax expense (benefit) | 1.54% | 3.94% | 2.89% | 2.50% | 0.69% |
| Deferred federal income tax expense (benefit) | -0.36% | 3.83% | 1.98% | -8.55% | 0.38% |
| Deferred state income tax expense (benefit) | 0.00% | 0.17% | 0.19% | -0.32% | 0.00% |
| Deferred foreign income tax expense (benefit) | 0.04% | -0.06% | -0.04% | 0.02% | 0.04% |
| Total deferred income tax expense (benefit) | -0.32% | 3.94% | 2.13% | -8.85% | 0.42% |
| Provision for (benefit from) income taxes | 1.21% | 7.88% | 5.02% | -6.35% | 1.11% |
| Net income (loss) | 20.59% | 20.25% | 19.96% | 26.30% | 19.38% |
| Weighted average shares outstanding - basic | 6.12% | 5.98% | 6.25% | 7.05% | 6.89% |
| Weighted average shares outstanding - diluted | 6.18% | 6.06% | 6.48% | 7.51% | 7.20% |
| Year end shares outstanding | 6.02% | 5.95% | 6.36% | 6.84% | 6.86% |
| Net income (loss) per share - basic | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Net income (loss) per share - diluted | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Number of full time employees | 0.20% | 0.18% | 0.18% | 0.19% | 0.19% |
| Number of common stockholders | 0.02% | 0.02% | 0.03% | 0.03% | 0.03% |
| Foreign currency translation adjustments | -0.42% | 0.35% | -0.35% | -0.34% | 0.00% |

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| **Appendix D** | **Activision Blizzard - Common-Size Income Statement** | | | | | |
|  | | **2019** | **2018** | **2017** | **2016** | **2015** |
| Product sales | | 30.44% | 30.07% | 30.07% | 33.23% | 52.47% |
| Subscription, licensing & other revenues | | 69.56% | 69.93% | 69.93% | 66.77% | 47.53% |
| Total net revenues | | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Cost of product sales - product costs | | 10.11% | 9.59% | 10.45% | 11.21% | 19.75% |
| Cost of sales - online subscriptions | | 0.00% | 0.00% | 0.00% | 0.00% | 4.80% |
| Cost of sales - software royalties & amortization | | 0.00% | 0.00% | 0.00% | 0.00% | 8.83% |
| Cost of product sales - software royalties, amortization & intellectual property licenses | | 3.70% | 4.95% | 4.28% | 5.01% | 0.00% |
| Cost of subscription, licensing & other revenues - game operations & distribution costs | | 14.87% | 13.71% | 14.02% | 12.88% | 0.00% |
| Cost of subscription, licensing & other revenues - software royalties, amortization & intellectual property licenses | | 3.59% | 5.32% | 6.90% | 7.13% | 0.00% |
| Cost of sales - intellectual property licenses | | 0.00% | 0.00% | 0.00% | 0.00% | 0.60% |
| Product development | | 15.38% | 14.68% | 15.23% | 14.50% | 13.85% |
| Sales & marketing | | 14.27% | 14.16% | 19.64% | 18.31% | 15.74% |
| General & administrative | | 11.28% | 11.09% | 10.83% | 9.59% | 8.15% |
| Restructuring & related costs | | 2.03% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total costs & expenses | | 75.24% | 73.49% | 81.35% | 78.63% | 71.72% |
| Operating income (loss) | | 24.76% | 26.51% | 18.65% | 21.37% | 28.28% |
| Interest income | | 1.22% | 0.87% | 0.00% | 0.00% | 0.00% |
| Interest expense from debt & amortization of debt discount & deferred financing costs | | 1.39% | 1.87% | 0.00% | 0.00% | 0.00% |
| Unrealized gain on equity investment | | 0.59% | 0.00% | 0.00% | 0.00% | 0.00% |
| Other income (expense), net | | -0.02% | 0.05% | 0.00% | 0.00% | 0.00% |
| Interest & other income (expense), net | | 0.40% | -0.95% | 0.00% | 0.00% | -4.25% |
| Interest & other income (expense), net | | 0.00% | 0.00% | -2.08% | -3.24% | 0.00% |
| Income (loss) on extinguishment of debt | | 0.00% | -0.53% | -0.17% | -1.39% | 0.00% |
| Income (loss) before income tax expense (benefit) - domestic | | 5.05% | 5.76% | 2.64% | 3.45% | 7.61% |
| Income (loss) before income tax expense (benefit) - foreign | | 20.11% | 19.27% | 13.77% | 13.29% | 16.42% |
| Income (loss) before income tax expense (benefit) | | 25.17% | 25.03% | 16.40% | 16.74% | 24.04% |
| Current income tax expense (benefit) - federal | | 2.10% | -3.04% | 9.92% | -0.23% | 3.62% |
| Current income tax expense (benefit) - state | | 0.37% | -0.20% | 0.37% | 0.24% | 0.66% |
| Current income tax expense (benefit) - foreign | | 4.98% | 3.73% | 4.77% | 2.27% | 0.86% |
| Total current income tax expense (benefit) | | 7.44% | 0.49% | 15.06% | 2.29% | 5.15% |
| Deferred income tax expense (benefit) - federal | | 12.04% | -1.31% | -1.58% | 0.61% | 0.02% |
| Deferred income tax expense (benefit) - state | | -0.25% | 1.41% | -0.46% | -0.20% | -0.45% |
| Deferred income tax expense (benefit) - foreign | | -17.23% | 0.25% | -0.51% | -0.58% | 0.19% |
| Total deferred income tax expense (benefit) | | -5.44% | 0.36% | -2.55% | -0.17% | -0.24% |
| Income tax expense (benefit) | | 2.00% | 0.85% | 12.51% | 2.12% | 4.91% |
| Net income (loss) | | 23.16% | 24.17% | 3.89% | 14.62% | 19.13% |
| Weighted average shares outstanding - basic | | 11.82% | 10.16% | 10.75% | 11.20% | 15.61% |
| Weighted average shares outstanding - diluted | | 11.88% | 10.28% | 10.92% | 11.41% | 15.84% |
| Year end shares outstanding | | 11.85% | 10.18% | 10.80% | 11.28% | 15.75% |
| Net earnings (loss) per common share - basic | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Net earnings (loss) per common share - diluted | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Dividends per common share | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total number of employees | | 0.14% | 0.13% | 0.14% | 0.15% | 0.16% |
| Number of common stockholders | | 0.02% | 0.02% | 0.02% | 0.03% | 0.04% |
| Foreign currency translation adjustments | | 0.00% | -0.12% | 0.51% | -0.44% | -6.99% |

# Appendix E

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| --- | --- | --- | --- | --- | --- |
| **Appendix E** | **Electronic Arts - Annual Cash Flow** | | | | |
|  | **2019** | **2018** | **2017** | **2016** | **2015** |
| Net income (loss) | 1019000 | 1043000 | 967000 | 1156000 | 875000 |
| Depreciation, amortization & accretion | 145000 | 136000 | 172000 | 197000 | 220000 |
| Stock-based compensation | 284000 | 242000 | 196000 | 178000 | 144000 |
| Loss on conversion of convertible notes | - | - | - | 10000 | - |
| Acquisition-related contingent consideration | 14000 | - | - | - | -3000 |
| Receivables, net | -88000 | -25000 | -136000 | 127000 | -54000 |
| Inventories | - | - | - | 3000 | 19000 |
| Other assets | -24000 | 10000 | 3000 | 19000 | 87000 |
| Accounts payable | 59000 | -44000 | 5000 | 13000 | -46000 |
| Accrued & other liabilities | 3000 | 43000 | -5000 | -252000 | 31000 |
| Deferred income taxes, net | -16000 | 204000 | 100000 | -403000 | 1000 |
| Deferred net revenue (online-enabled games) | 151000 | 83000 | 81000 | 175000 | -207000 |
| Net cash flows from operating activities | 1547000 | 1692000 | 1383000 | 1223000 | 1067000 |
| Capital expenditures | -119000 | -107000 | -123000 | -93000 | -95000 |
| Proceeds from maturities & sales of short-term investments | 1688000 | 3166000 | 1281000 | 941000 | 727000 |
| Purchase of short-term investments | -1342000 | -2287000 | -1917000 | -1332000 | -1102000 |
| Acquisition, net of cash acquired | -58000 | -150000 | - | - | - |
| Net cash flows from investing activities | 169000 | 622000 | -759000 | -484000 | -470000 |
| Proceeds from issuance of senior notes, net of issuance costs | - | - | - | 989000 | - |
| Payment of convertible notes | - | - | -163000 | -470000 | - |
| Proceeds from issuance of common stock | 61000 | 78000 | 72000 | 107000 | 60000 |
| Cash paid to taxing authorities for shares withheld from employees | -122000 | -120000 | - | - | - |
| Excess tax benefit from stock-based compensation | - | - | 65000 | 86000 | 22000 |
| Repurchase & retirement of common stock | -1192000 | -601000 | -508000 | -1018000 | -337000 |
| Net cash flows from financing activities | -1253000 | -643000 | -534000 | -306000 | -255000 |
| Effect of foreign exchange on cash & cash equivalents | -13000 | 22000 | -18000 | -8000 | -56000 |
| Increase (decrease) in cash & cash equivalents | 450000 | 1693000 | 72000 | 425000 | 286000 |
| Beginning cash & cash equivalents | 4258000 | 2565000 | 2493000 | 2068000 | 1782000 |
| Ending cash & cash equivalents | 4708000 | 4258000 | 2565000 | 2493000 | 2068000 |
| Cash paid during the year for income taxes, net | 100000 | 57000 | 51000 | 35000 | 2000 |
| Cash paid during the year for interest | 42000 | 42000 | 43000 | 4000 | 6000 |

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| --- | --- | --- | --- | --- | --- |
| **Appendix E** | **Activision Blizzard - Annual Cash Flow** | | | | |
|  | **2019** | **2018** | **2017** | **2016** | **2015** |
| Net income (loss) | 1503000 | 1813000 | 273000 | 966000 | 892000 |
| Deferred income taxes | -352000 | 20000 | -181000 | -9000 | -27000 |
| Provision for inventories | 6000 | 6000 | 33000 | 42000 | 43000 |
| Non-cash operating lease cost | 64000 | - | - | - | - |
| Depreciation & amortization | 328000 | 509000 | 888000 | 829000 | 95000 |
| Amortization of capitalized software development costs & intellectual property licenses | 225000 | 489000 | 311000 | 321000 | 399000 |
| Loss on extinguishment of debt | - | 40000 | - | - | - |
| Premium payment for early redemption of notes | - | - | - | 63000 | - |
| Amortization of debt discount, financing costs, & non-cash write-off due to extinguishment of debts | - | - | 24000 | 50000 | - |
| Amortization of debt discount & financing costs | - | 6000 | - | - | 7000 |
| Share-based compensation expense | 166000 | 209000 | 176000 | 147000 | 92000 |
| Unrealized loss (gain) on equity investment | -38000 | - | - | - | - |
| Excess tax benefits from stock awards | - | - | - | - | -67000 |
| Other adjustments | 51000 | 1000 | 28000 | 4000 | - |
| Accounts receivable, net | 182000 | -114000 | -165000 | 84000 | -40000 |
| Inventories | 7000 | -5000 | -26000 | 32000 | -54000 |
| Software development & intellectual property licenses | -275000 | -372000 | -301000 | -362000 | -350000 |
| Other assets | 164000 | -51000 | -97000 | -10000 | 21000 |
| Deferred revenues | -154000 | -122000 | 220000 | -35000 | -27000 |
| Accounts payable | 31000 | -65000 | 85000 | -50000 | -25000 |
| Accrued expenses & other liabilities | -77000 | -574000 | 945000 | 83000 | 233000 |
| Net cash flows from operating activities | 1831000 | 1790000 | 2213000 | 2155000 | 1192000 |
| Proceeds from maturities of available-for-sale investments | 153000 | 116000 | 80000 | - | 145000 |
| Purchases of available-for-sale investments | -65000 | -209000 | -135000 | - | -145000 |
| Acquisition of business, net of cash acquired | - | - | - | -4588000 | -46000 |
| Release (deposit) of cash in escrow | - | - | - | 3561000 | -3561000 |
| Capital expenditures | -116000 | -131000 | -155000 | -136000 | -111000 |
| Decrease (increase) in restricted cash | - | - | - | - | 2000 |
| Other investing activities | 6000 | -6000 | 13000 | -14000 | - |
| Net cash flows from investing activities | -22000 | -230000 | -197000 | -1177000 | -3716000 |
| Proceeds from issuance of common stock to employees | 105000 | 99000 | 178000 | 106000 | 106000 |
| Tax payment related to net share settlements on restricted stock units | -59000 | -94000 | -56000 | -115000 | -83000 |
| Dividends paid | -283000 | -259000 | -226000 | -195000 | -170000 |
| Excess tax benefits from stock awards | - | - | - | - | 67000 |
| Proceeds from debt issuances, net of discounts | - | - | 3741000 | 6878000 | - |
| Repayment of long-term debt | - | -1740000 | -4251000 | -6104000 | -250000 |
| Premium payment for early redemption of note | - | -25000 | - | -63000 | - |
| Debt financing costs related to debt issuances | - | - | - | -7000 | -7000 |
| Proceeds received from shareholder settlement | - | - | - | - | 202000 |
| Other financing activities | - | -1000 | -10000 | - | - |
| Net cash flows from financing activities | -237000 | -2020000 | -624000 | 500000 | -135000 |
| Effect of foreign exchange rate changes on cash & cash equivalents | -3000 | -31000 | 76000 | -56000 | -366000 |
| Net increase (decrease) in cash & cash equivalents | - | - | 1468000 | 1422000 | -3025000 |
| Net increase (decrease) in cash & cash equivalents & restricted cash | 1569000 | -491000 | - | - | - |
| Cash & cash equivalents at beginning of period | - | - | 3245000 | 1823000 | 4848000 |
| Cash & cash equivalents & restricted cash at beginning of period | 4229000 | 4720000 | - | - | - |
| Cash & cash equivalents at end of period | - | - | 4713000 | 3245000 | 1823000 |
| Cash & cash equivalents & restricted cash at end of period | 5798000 | 4229000 | - | - | - |
| Cash paid for income taxes, net of refunds | 319000 | 560000 | 176000 | 121000 | 20000 |
| Cash paid for interest | 86000 | 150000 | 145000 | 209000 | 193000 |

# Appendix F

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| **Appendix F** | **Electronic Arts - Financial Ratios** | | | | |
| **Ratios** | **2019** | **2018** | **2017** | **2016** | **2015** |
| Current Ratio | 2.82 | 2.41 | 2.15 | 1.80 | 1.35 |
| Quick Ratio | 2.82 | 2.41 | 2.15 | 1.79 | 1.34 |
| Cash Ratio | 2.08 | 1.71 | 1.06 | 1.03 | 0.75 |
| Return on Equity | 19.11% | 22.70% | 23.82% | 34.04% | 28.82% |
| Net Profit Margin | 20.59% | 20.25% | 19.96% | 26.30% | 19.38% |
| Total Asset Turnover | 0.55 | 0.60 | 0.63 | 0.62 | 0.73 |
| Financial leverage multiplier | 1.68 | 1.87 | 1.90 | 2.08 | 2.02 |
| DuPoint Identity | 19.11% | 22.70% | 23.82% | 34.04% | 28.82% |
| Return on Assets | 11.38% | 12.15% | 12.53% | 16.40% | 14.23% |
| Gross Profit Margin | 73.29% | 75.20% | 73.21% | 69.20% | 68.35% |
| Operating Profit Margin | 20.12% | 27.84% | 25.26% | 20.43% | 21.00% |
| Inventory Turnover | No Net Inventory | No Net Inventory | No Net Inventory | 41.03 | 39.69 |
| Average Age of Inventory (Days) | No net Inventory | No net Inventory | No net Inventory | 8.90 | 9.20 |
| Collection Period (Days) | 45.94 | 27.29 | 27.05 | 19.35 | 29.26 |
| Payables Period (Days) | 31.20 | 13.72 | 24.46 | 23.99 | 17.37 |
| Fixed Asset Turnover | 11.05 | 11.37 | 11.16 | 10.01 | 9.84 |
| Times Interest Earned Ratio | 22.13 | 32.59 | 26.04 | 32.07 | 30.58 |
| Debt Ratio | 40.48% | 46.47% | 47.40% | 51.80% | 50.11% |
| Debt-To-Equity Ratio | 0.19 | 0.22 | 0.24 | 0.29 | 0.21 |
| Market Price per Share | $102.67 | $111.72 | $89.52 | $66.11 | $58.82 |
| Book price per share | $17.88 | $15.00 | $13.17 | $11.30 | $9.80 |
| Market to Book ratio | 5.74 | 7.45 | 6.80 | 5.85 | 6.00 |
| Market capitalization (Market value of equity) | $ 30,606,645.69 | $ 34,227,656.40 | $ 27,605,013.84 | $ 19,872,798.22 | $ 18,215,436.42 |
| Price to Earnings Ratio (P/E Ratio) | 30.83 | 33.45 | 29.06 | 18.89 | 21.87 |

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| --- | --- | --- | --- | --- | --- |
| **Appendix F** | **Activision Blizzard - Financial Ratios** | | | | |
| **Ratio** | **2019** | **2018** | **2017** | **2016** | **2015** |
| Current Ratio | 2.50 | 2.31 | 1.78 | 1.82 | 1.30 |
| Quick Ratio | 2.49 | 2.29 | 1.77 | 1.80 | 1.25 |
| Cash Ratio | 1.99 | 1.60 | 1.29 | 1.22 | 0.70 |
| Return on Equity | 11.74% | 15.96% | 2.89% | 10.59% | 11.06% |
| Net Profit Margin | 23.16% | 24.17% | 3.89% | 14.62% | 19.13% |
| Total Asset Turnover | 0.33 | 0.42 | 0.38 | 0.38 | 0.31 |
| Financial leverage multiplier | 1.55 | 1.57 | 1.97 | 1.91 | 1.89 |
| DuPoint Identity | 11.74% | 15.96% | 2.89% | 10.59% | 11.06% |
| Return on Assets | 7.57% | 10.17% | 1.46% | 5.54% | 5.85% |
| Gross Profit Margin | 67.73% | 66.44% | 64.36% | 63.77% | 66.02% |
| Operating Profit Margin | 24.76% | 26.51% | 18.65% | 21.37% | 28.28% |
| Inventory Turnover | 65.44 | 58.53 | 54.37 | 48.86 | 12.38 |
| Average Age of Inventory (Days) | 5.58 | 6.24 | 6.71 | 7.47 | 29.48 |
| Collection Period (Days) | 47.70 | 50.37 | 47.75 | 40.43 | 53.14 |
| Payables Period (Days) | 50.90 | 36.69 | 47.14 | 33.85 | 65.40 |
| Fixed Asset Turnover | 25.65 | 26.60 | 23.87 | 25.61 | 24.68 |
| Times Interest Earned Ratio | 17.86 | 14.20 | No Interest Expense | No Interest Expense | No Interest Expense |
| Debt Ratio | 35.47% | 36.32% | 49.31% | 47.75% | 47.10% |
| Debt-To-Equity Ratio | 0.21 | 0.24 | 0.47 | 0.54 | 0.51 |
| Market Price per Share | $59.42 | $46.20 | $62.49 | $35.42 | $37.67 |
| Book price per share | $16.66 | $14.88 | $12.49 | $12.23 | $10.98 |
| Market to Book ratio | 3.57 | 3.11 | 5.00 | 2.90 | 3.43 |
| Market capitalization (Market value of equity) | $ 45,679,729.48 | $ 35,269,889.42 | $ 47,336,499.64 | $ 26,405,135.30 | $ 27,668,715.54 |
| Price to Earnings Ratio (P/E Ratio) | 30.47 | 19.66 | 173.58 | 27.67 | 31.66 |