

CALL OF DUTY

WORLD  
WARcraft

HEARTHSTONE



DIABLO

STARcraft

Candy  
Crush

Bubble  
Witch

FARM  
Heroes



ACTIVISION®

BLIZZARD®

FOURTH QUARTER 2020 RESULTS

FEBRUARY 4, 2021

# SAFE HARBOR DISCLOSURE

## Please review our SEC filings on Form 10-K and Form 10-Q

The statements contained herein that are not historical facts are forward-looking statements including, but not limited to statements about: (1) projections of revenues, expenses, income or loss, earnings or loss per share, cash flow, or other financial items; (2) statements of our plans and objectives, including those related to releases of products or services and restructuring activities; (3) statements of future financial or operating performance, including the impact of tax items thereon; and (4) statements of assumptions underlying such statements. Activision Blizzard, Inc. generally uses words such as “outlook,” “forecast,” “will,” “could,” “should,” “would,” “to be,” “plan,” “aims,” “believes,” “may,” “might,” “expects,” “intends,” “seeks,” “anticipates,” “estimate,” “future,” “positioned,” “potential,” “project,” “remain,” “scheduled,” “set to,” “subject to,” “upcoming,” and other similar words and expressions to help identify forward-looking statements. Forward-looking statements are subject to business and economic risks, reflect management’s current expectations, estimates, and projections about our business, and are inherently uncertain and difficult to predict.

We caution that a number of important factors, many of which are beyond our control, could cause our actual future results and other future circumstances to differ materially from those expressed in any forward-looking statements. Such factors include, but are not limited to: the ongoing global impact of a novel strain of coronavirus which emerged in December 2019 (“COVID-19”) (including, without limitation, the potential for significant short- and long-term global unemployment and economic weakness and a resulting impact on global discretionary spending; potential strain on the retailers and distributors who sell our physical product to customers; effects on our ability to release our content in a timely manner; the impact of large-scale intervention by the Federal Reserve and other central banks around the world, including the impact on interest rates; and volatility in foreign exchange rates); our ability to consistently deliver popular, high-quality titles in a timely manner, which has been made more difficult as a result of the COVID-19 pandemic; concentration of revenue among a small number of franchises; our ability to satisfy the expectations of consumers with respect to our brands, games, services, and/or business practices; our ability to attract, retain and motivate skilled personnel; rapid changes in technology and industry standards; competition, including from other forms of entertainment; increasing importance of revenues derived from digital distribution channels; risks associated with the retail sales business model; the continued growth in the scope and complexity of our business, including the diversion of management time and attention to issues relating to the operations of our newly acquired or started businesses and the potential impact of our expansion into new businesses on our existing businesses; substantial influence of third-party platform providers over our products and costs; risks associated with transitions to next-generation consoles; success and availability of video game consoles manufactured by third parties; risks associated with the free-to-play business model, including dependence on a relatively small number of consumers for a significant portion of revenues and profits from any given game; our ability to realize the expected financial and operational benefits of, and effectively implement and manage, our previously-announced restructuring actions; our ability to quickly adjust our cost structure in response to sudden changes in demand; risks and costs associated with legal proceedings; intellectual property claims; changes in tax rates or exposure to additional tax liabilities, as well as the outcome of current or future tax disputes; our ability to sell products at assumed pricing levels; reliance on external developers for development of some of our software products; the amount of our debt and the limitations imposed by the covenants in the agreements governing our debt; the seasonality in the sale of our products; counterparty risks relating to customers, licensees, licensors, and manufacturers, which have been magnified as a result of the COVID-19 pandemic; risks associated with our use of open source software; piracy and unauthorized copying of our products; insolvency or business failure of any of our partners, which has been magnified as a result of the COVID-19 pandemic; risks and uncertainties of conducting business outside the United States; increasing regulation of our business, products, and distribution in key territories; compliance with continually evolving laws and regulations concerning data privacy; reliance on servers and networks to operate our games and our proprietary online gaming service; potential data breaches and other cybersecurity risks; and the other factors identified in “Risk Factors” included in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019, our Quarterly Report on Form 10-Q for the quarter ended March 30, 2020, and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2020.

The forward-looking statements contained herein are based on information available to Activision Blizzard, Inc. as of the date of this filing and we assume no obligation to update any such forward-looking statements. Although these forward-looking statements are believed to be true when made, they may ultimately prove to be incorrect. These statements are not guarantees of our future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and may cause actual results to differ materially from current expectations.

# USE OF NON-GAAP MEASURES

As a supplement to our financial measures presented in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”), Activision Blizzard presents certain non-GAAP measures of financial performance. These non-GAAP financial measures are not intended to be considered in isolation from, as a substitute for, or as more important than, the financial information prepared and presented in accordance with GAAP. In addition, these non-GAAP measures have limitations in that they do not reflect all of the items associated with the company’s results of operations as determined in accordance with GAAP.

Activision Blizzard provides net income (loss), earnings (loss) per share and operating margin data and guidance both including (in accordance with GAAP) and excluding (non-GAAP) certain items. When relevant, the company also provides constant FX information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. In addition, Activision Blizzard provides EBITDA (defined as GAAP net income (loss) before interest (income) expense, income taxes, depreciation and amortization) and adjusted EBITDA (defined as non-GAAP operating margin (see non-GAAP financial measure below) before depreciation). The non-GAAP financial measures exclude the following items, as applicable in any given reporting period and our outlook:

- expenses related to share-based compensation;
- the amortization of intangibles from purchase price accounting;
- fees and other expenses related to acquisitions, including related debt financings, and refinancing of long-term debt, including penalties and the write off of unamortized discount and deferred financing costs;
- restructuring and related charges;
- other non-cash charges from reclassification of certain cumulative translation adjustments into earnings as required by GAAP;
- the income tax adjustments associated with any of the above items (tax impact on non-GAAP pre-tax income is calculated under the same accounting principles applied to the GAAP pre-tax income under ASC 740, which employs an annual effective tax rate method to the results); and
- significant discrete tax-related items, including amounts related to changes in tax laws (including the Tax Cuts and Jobs Act enacted in December 2017), amounts related to the potential or final resolution of tax positions, and other unusual or unique tax-related items and activities.

In the future, Activision Blizzard may also consider whether other items should also be excluded in calculating the non-GAAP financial measures used by the company. Management believes that the presentation of these non-GAAP financial measures provides investors with additional useful information to measure Activision Blizzard’s financial and operating performance. In particular, the measures facilitate comparison of operating performance between periods and help investors to better understand the operating results of Activision Blizzard by excluding certain items that may not be indicative of the company’s core business, operating results or future outlook. Additionally, we consider quantitative and qualitative factors in assessing whether to adjust for the impact of items that may be significant or that could affect an understanding of our ongoing financial and business performance or trends. Internally, management uses these non-GAAP financial measures, along with others, in assessing the company’s operating results, and measuring compliance with the requirements of the company’s debt financing agreements, as well as in planning and forecasting.

Activision Blizzard’s non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles, and the terms non-GAAP net income, non-GAAP earnings per share, non-GAAP operating margin, and non-GAAP or adjusted EBITDA do not have a standardized meaning. Therefore, other companies may use the same or similarly named measures, but exclude different items, which may not provide investors a comparable view of Activision Blizzard’s performance in relation to other companies.

Management compensates for the limitations resulting from the exclusion of these items by considering the impact of the items separately and by considering Activision Blizzard’s GAAP, as well as non-GAAP, results and outlook, and by presenting the most comparable GAAP measures directly ahead of non-GAAP measures, and by providing a reconciliation that indicates and describes the adjustments made.

# FOURTH QUARTER 2020 HIGHLIGHTS

## Better-than-expected Q4 financial results:

- Q4 GAAP revenues of \$2.41B versus outlook<sup>1</sup> of \$2.00B.
- Q4 net bookings<sup>2</sup> of \$3.05B versus outlook<sup>1</sup> of \$2.73B.
- Q4 GAAP EPS of \$0.65 versus outlook<sup>1</sup> of \$0.44.
- Q4 non-GAAP EPS of \$0.76 versus outlook<sup>1</sup> of \$0.63.

## Key highlights:

- Strong execution enabled Activision Blizzard to exceed our fourth quarter outlook, capping a remarkable year for the company in which revenues grew 25%, operating income increased 70%, and earnings per share increased 45% Y/Y.
- We had ~400M MAUs<sup>3</sup> in 2020 and we are accelerating our path to **reach a billion people** as we apply the **Call of Duty**<sup>®</sup> framework across our other franchises, including premium content, free-to-play access to all consumers, expansion to mobile and continuous regular delivery of in-game content.
- As we expand the opportunities for fans to engage in our IP, we expect strong financial performance to follow. We had three franchises generate over \$1B in net bookings in 2020, and we are on a clear path to further increase their growth engagement and monetization. We also anticipate two more franchises to reach similar scale over the next couple of years.

<sup>1</sup> Prior outlook provided October 29, 2020.

<sup>2</sup> Net bookings is an operating metric that is defined as the net amount of products and services sold digitally or sold-in physically in the period, and includes license fees, merchandise, and publisher incentives, among others, and is equal to net revenues excluding the impact from deferrals.

<sup>3</sup> Monthly Active Users ("MAUs") defined as number of individuals who accessed a particular game in a given month averaged across the number of months in a respective period. Refer to the definition included in today's earnings release for additional details.



# EXECUTING AGAINST OUR THREE STRATEGIC GROWTH DRIVERS

## Our strategic growth drivers:

Expand audience  
reach

Deepen  
engagement

Increase player  
investment

## Our fourth quarter results exceeded our prior outlook<sup>1</sup>:

Activision Blizzard delivered better-than-expected results in the fourth quarter and is entering 2021 with strong momentum.

In 2020, we saw the benefits of fundamental changes to our core franchises, including deeper and more consistent engagement with current and new players across multiple platforms. Much of our growth was driven by **strong execution** in premium content, in-game operations, expanding our presence on mobile, and ramping new engagement models.

We are already seeing the impact of our growth initiatives for **Call of Duty**, **World of Warcraft**<sup>®</sup> and **Candy Crush**<sup>™</sup>, which we expect to again drive strong results in 2021. And at the same time, we are making significant progress against our development pipeline for other key intellectual properties, which we expect to fuel further growth in 2022 and beyond.

# ACTIVISION

**MAUs<sup>1</sup> of 128M, capping a record year for the Call of Duty franchise in which premium and free-to-play experiences across platforms drove franchise net bookings<sup>2</sup> to roughly double the year ago level.**

**CALL OF DUTY**

**CALL OF DUTY  
BLACK OPS  
COLD WAR**

**CALL OF DUTY  
WARZONE**

- Full year **Call of Duty** premium unit sales grew over 40% Y/Y, with a further strong shift to digital downloads.
- Net bookings<sup>2</sup> for the **Call of Duty** franchise grew by a double-digit percentage Y/Y in Q4.
- The November launch of **Call of Duty: Black Ops Cold War** further expanded the ecosystem across console and PC. Y/Y in Q4, MAUs<sup>1</sup> grew approximately 70% Y/Y and time spent more than doubled.
- Following the launch of **Black Ops Cold War**'s first season of in-game content and the game's integration with **Warzone™**, unit sell-through grew sharply Y/Y in December and January.
- **Call of Duty** in-game net bookings<sup>3</sup> on console and PC grew more than 50% Y/Y in Q4, while the first season of content that is still underway has seen the highest number of battle passes consumed since the introduction of the new system in late 2019.

**CALL OF DUTY  
MOBILE**

- **Call of Duty Mobile** delivered its best quarter yet, with strong double-digit growth in net bookings<sup>2</sup> Y/Y.
- In Q4, monthly payers in the West reached the highest level yet, with average spend per payer increasing strongly Y/Y. The game also launched in China in late December, quickly reaching the top of the download charts<sup>4</sup>, setting the foundation for meaningful contribution in 2021.

**CALL OF DUTY  
LEAGUE**

- The franchise also continues to celebrate players through the **Call of Duty League™**, which will kick off its second season on Feb 11. Fans will get to enjoy even more large-scale competitive play this season as its 12 city-based teams compete in a new tournament-style format in the **Black Ops Cold War** era.

<sup>1</sup> Monthly Active Users ("MAUs") defined as number of individuals who accessed a particular game in a given month averaged across the number of months in a respective period. Refer to the definition included in today's earnings release for additional details.

<sup>2</sup> Net bookings is an operating metric that is defined as the net amount of products and services sold digitally or sold-in physically in the period, and includes license fees, merchandise, and publisher incentives, among others, and is equal to net revenues excluding the impact from deferrals.

<sup>3</sup> In-game net bookings primarily includes the net amount of downloadable content and microtransactions sold during the period, and is equal to in-game net revenues excluding the impact from deferrals.

<sup>4</sup> Based on App Annie Intelligence.

# BLIZZARD

*MAUs<sup>1</sup> of 29M, with WoW MAUs<sup>1</sup> increasing Y/Y for the sixth consecutive quarter. Strong engagement across both Classic and modern modes drove full year WoW net bookings<sup>2</sup> growth of 40% Y/Y, to the highest level in nearly a decade.*



- In Q4, **World of Warcraft** franchise net bookings<sup>2</sup> grew sharply Y/Y, driven by strong sales of the **Shadowlands** expansion, subscriber growth, and high participation in value added services.
- **World of Warcraft** player and engagement trends since the **Shadowlands** release are stronger than levels typically seen at this point after an expansion launch.



- On mobile, the first stage of regional testing for **Diablo® Immortal™** in December and January was met with very positive feedback and strong engagement metrics. More players will get to experience the game in further rounds of testing ahead of the launch planned for later this year.



- The **Overwatch®** franchise continues to engage its community with in-game content and celebrate its players in the Overwatch League™, where teams are preparing for the start of the fourth season in April.



- The Blizzard team is looking forward to channeling the spirit of BlizzCon® to engage and celebrate the community at BlizzConline™ on February 19th and 20th, where they will share more about the plans for their franchises.

<sup>1</sup> Monthly Active Users ("MAUs") defined as number of individuals who accessed a particular game in a given month averaged across the number of months in a respective period. Refer to the definition included in today's earnings release for additional details.

<sup>2</sup> Net bookings is an operating metric that is defined as the net amount of products and services sold digitally or sold-in physically in the period, and includes license fees, merchandise, and publisher incentives, among others, and is equal to net revenues excluding the impact from deferrals.

# KING

**MAUs<sup>1</sup> of 240M, with payer numbers again on a positive Y/Y trajectory. Candy exited 2020 with momentum as strong execution in live operations drove double-digit Y/Y growth in fourth quarter in-game net bookings<sup>2</sup> for the franchise.**



- In Q4, King in-game net bookings<sup>2</sup> grew by a double-digit percentage Y/Y, with growth accelerating versus Q3.
- King again delivered robust Y/Y growth in advertising, with net bookings<sup>3</sup> in direct brand advertisers and partner networks each growing sharply Y/Y. For the full year, advertising net bookings<sup>3</sup> grew nearly 50% Y/Y.
- These results contributed to King's best full year financial performance since the acquisition.



- Across the **Candy Crush** franchise, players responding positively to new features, driving strong growth in in-game spend per player.
- **Candy Crush** was once again the top grossing franchise in the U.S. app stores<sup>4</sup>



- **Farm Heroes™** and **Bubble Witch™** grew net bookings<sup>3</sup> Y/Y driven by strong execution across live operations and seasonal events.



- King will add to its portfolio this year with the launch of **Crash Bandicoot: On The Run!™** planned for March, leveraging our strengths across business units and the global appeal of our owned IP to introduce fans to an entirely new **Crash Bandicoot** experience on the mobile platform.

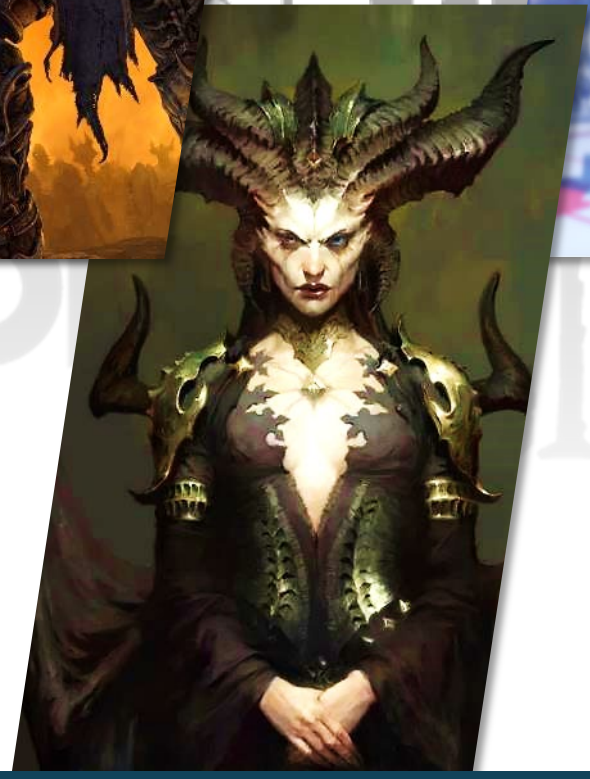
<sup>1</sup> Monthly Active Users ("MAUs") defined as number of individuals who accessed a particular game in a given month averaged across the number of months in a respective period. Refer to the definition included in today's earnings release for additional details.

<sup>2</sup> In-game net bookings primarily includes the net amount of downloadable content and microtransactions sold during the period, and is equal to in-game net revenues excluding the impact from deferrals.

<sup>3</sup> Net bookings is an operating metric that is defined as the net amount of products and services sold digitally or sold-in physically in the period, and includes license fees, merchandise, and publisher incentives, among others, and is equal to net revenues excluding the impact from deferrals.

<sup>4</sup> Based on App Annie Intelligence.





# 2020 RESULTS

	2019 Actual			Prior 2020 Outlook <sup>1</sup>			2020 Actual		
	GAAP	Non-GAAP <sup>2</sup>	Impact of GAAP deferrals	GAAP	Non-GAAP <sup>2</sup>	Impact of GAAP deferrals	GAAP	Non-GAAP <sup>2</sup>	Impact of GAAP deferrals
<b>Net Revenues</b>	<b>\$6,489M</b>	<b>\$6,489M</b>	<b>(\$101M)</b>	<b>\$7,675M</b>	<b>\$7,675M</b>	<b>\$425M</b>	<b>\$8,086M</b>	<b>\$8,086M</b>	<b>\$333M</b>
Digital Revenues %	76%	76%	1 pp				82%	82%	3 pp
Operating Income	\$1,607M	\$2,130M	(\$52M)				\$2,734M	\$3,125M	\$238M
Operating Margin	25%	33%	-	34%	39%	2 pp	34%	39%	1 pp
Interest and Other Expense (Income) <sup>3</sup>	(\$26M)	(\$28M)		\$121M	\$88M		\$118M	\$85M	
<b>EPS</b>	<b>\$1.95</b>	<b>\$2.31</b>	<b>(\$0.06)</b>	<b>\$2.61</b>	<b>\$3.08</b>	<b>\$0.27</b>	<b>\$2.82</b>	<b>\$3.21</b>	<b>\$0.26</b>
Fully Diluted Weighted Avg. Shares	771M	771M		779M	779M		778M	778M	
<b>Operating Cash Flow</b>		<b>\$1,831M</b>						<b>\$2,252M</b>	
<b>Free Cash Flow<sup>4</sup></b>		<b>\$1,715M</b>						<b>\$2,174M</b>	
<b>Net Bookings (operating metric)<sup>5</sup></b>		<b>\$6,388M</b>			<b>\$8,100M</b>			<b>\$8,419M</b>	
<b>In-Game Net Bookings (operating metric)<sup>6</sup></b>		<b>\$3,366M</b>						<b>\$4,852M</b>	

<sup>1</sup> Prior outlook provided October 29, 2020.

<sup>2</sup> Non-GAAP reconciliations are in the earnings releases dated February 6, 2020, October 29, 2020, and February 4, 2021, which are available on [www.activisionblizzard.com](http://www.activisionblizzard.com).

<sup>3</sup> 2020 GAAP includes loss on extinguishment of debt of \$31M.

<sup>4</sup> Free Cash Flow represents Operating Cash Flow minus Capital Expenditure.

<sup>5</sup> Net bookings is an operating metric that is defined as the net amount of products and services sold digitally or sold-in physically in the period, and includes license fees, merchandise, and publisher incentives, among others, and is equal to net revenues excluding the impact from deferrals.

<sup>6</sup> In-game net bookings primarily includes the net amount of downloadable content and microtransactions sold during the period and is equal to in-game net revenues excluding the impact from deferrals.

# FOURTH QUARTER 2020 RESULTS

	Q4 2019 Actual			Prior Q4 2020 Outlook <sup>1</sup>			Q4 2020 Actual		
	GAAP	Non-GAAP <sup>2</sup>	Impact of GAAP deferrals	GAAP	Non-GAAP <sup>2</sup>	Impact of GAAP deferrals	GAAP	Non-GAAP <sup>2</sup>	Impact of GAAP deferrals
<b>Net Revenues</b>	<b>\$1,986M</b>	<b>\$1,986M</b>	<b>\$722M</b>	<b>\$2,001M</b>	<b>\$2,001M</b>	<b>\$731M</b>	<b>\$2,413M</b>	<b>\$2,413M</b>	<b>\$638M</b>
Digital Revenues %	72%	72%	(3 pp)				78%	78%	(1 pp)
Operating Income	\$454M	\$591M	\$577M				\$594M	\$747M	\$407M
Operating Margin	23%	30%	13 pp	24%	33%	7 pp	25%	31%	7 pp
Interest and Other Expense (Income)	\$7M	\$7M		\$34M	\$34M		\$31M	\$31M	
<b>EPS</b>	<b>\$0.68</b>	<b>\$0.62</b>	<b>\$0.61</b>	<b>\$0.44</b>	<b>\$0.63</b>	<b>\$0.46</b>	<b>\$0.65</b>	<b>\$0.76</b>	<b>\$0.45</b>
Fully Diluted Weighted Avg. Shares	773M	773M		782M	782M		780M	780M	
<b>Operating Cash Flow</b>	<b>\$918M</b>						<b>\$1,140M</b>		
<b>Free Cash Flow<sup>3</sup></b>	<b>\$881M</b>						<b>\$1,118M</b>		
<b>Net Bookings (operating metric)<sup>4</sup></b>	<b>\$2,708M</b>			<b>\$2,732M</b>			<b>\$3,051M</b>		
<b>In-Game Net Bookings (operating metric)<sup>5</sup></b>	<b>\$1,085M</b>						<b>\$1,324M</b>		

<sup>1</sup> Prior outlook provided October 29, 2020.

<sup>2</sup> Non-GAAP reconciliations are in the earnings releases dated February 6, 2020, October 29, 2020, and February 4, 2021, which are available on [www.activisionblizzard.com](http://www.activisionblizzard.com).




<sup>3</sup> Free Cash Flow represents Operating Cash Flow minus Capital Expenditure.

<sup>4</sup> Net bookings is an operating metric that is defined as the net amount of products and services sold digitally or sold-in physically in the period, and includes license fees, merchandise, and publisher incentives, among others, and is equal to net revenues excluding the impact from deferrals.

<sup>5</sup> In-game net bookings primarily includes the net amount of downloadable content and microtransactions sold during the period and is equal to in-game net revenues excluding the impact from deferrals.



# FOURTH QUARTER 2020 SEGMENT RESULTS

			
Q4 Segment Net Revenues:	\$1,657M	\$579M	\$577M
Q4 Segment Operating Income:	\$780M (47% operating margin)	\$160M (28% operating margin)	\$242M (42% operating margin)
2020 Segment Net Revenues:	\$3,942M	\$1,905M	\$2,164M
2020 Segment Operating Income:	\$1,868M (47% operating margin)	\$693M (36% operating margin)	\$857M (40% operating margin)
Key Drivers:	<ul style="list-style-type: none"> <li>Q4 revenue grew 16% Y/Y, driven by <b>Call of Duty</b> in-game net bookings. Q4 operating income rose 12% Y/Y.</li> <li>2020 revenue grew 78% Y/Y, with <b>Call of Duty</b> revenues approximately doubling. 2020 operating income increased 120% Y/Y and operating margin expanded 9 pp.</li> </ul>	<ul style="list-style-type: none"> <li>Q4 revenue was slightly lower Y/Y as growth for <b>World of Warcraft</b> was offset by a decline for other titles and the absence of BlizzCon. Q4 operating income was lower Y/Y driven primarily by increased marketing investments and amortization of development costs for <b>Shadowlands</b>.</li> <li>2020 revenue increased 11% Y/Y and operating income grew 49%, with 9 pp expansion in operating margin.</li> </ul>	<ul style="list-style-type: none"> <li>Q4 revenue grew 15% Y/Y, with both in-game net bookings and advertising growing strongly. Q4 operating margin was 3 pp higher Y/Y, driven by high incremental margins for advertising.</li> <li>2020 revenue grew 7% Y/Y and operating income grew 16%, with 3 pp expansion in operating margin, representing the best financial performance since the acquisition.</li> </ul>

Note: These segment results are consistent with how we report our U.S. GAAP segment results externally in the footnotes to our financial statements. The segment performance is exclusive of the impact of the change in deferred revenues and related cost of revenues with respect to certain of our online-enabled products, share-based compensation expense, amortization of intangible assets as a result of purchase price accounting, fees and other expenses related to financings and acquisitions, including integration activities, certain restructuring and related costs, and other non-cash charges. Reconciliation of our segment results to our consolidated results is included in the earnings release dated February 4, 2021, which is available on [www.activisionblizzard.com](http://www.activisionblizzard.com).

# BALANCE SHEET AS OF DECEMBER 31, 2020

Q4 adjusted EBITDA of \$774M.

	12/31/2019	9/30/2020	12/31/2020
Cash and Investments	\$5.86B	\$7.60B	\$8.82B
Gross Debt <sup>1</sup>	\$2.70B	\$3.65B	\$3.65B
Net Cash <sup>2</sup>	\$3.16B	\$3.95B	\$5.17B
Adjusted TTM EBITDA <sup>3</sup>	\$2,255	\$3,087M	\$3,243M
Gross Debt / Adj. TTM EBITDA <sup>3</sup>	1.2x	1.2x	1.1x

## 2021 Capital Allocation:

- Increasing 2021 dividend by 15% to \$0.47 per share.
- Authorized new two-year \$4B share repurchase program.

<sup>1</sup> As of December 31, 2020, includes notes with the maturity dates of 2026, 2027, 2030, 2047, and 2050.

<sup>2</sup> Net cash is defined as cash and cash equivalents, short-term investments and long-term investments minus gross debt.

<sup>3</sup> Adjusted TTM EBITDA, for any given date, is calculated as non-GAAP operating income plus depreciation for the trailing twelve months.



# FINANCIAL OUTLOOK AS OF FEBRUARY 4, 2021

	Q1 2021			2021		
	GAAP	Non-GAAP <sup>1</sup>	Impact of GAAP Deferrals <sup>2</sup>	GAAP	Non-GAAP <sup>1</sup>	Impact of GAAP Deferrals <sup>2</sup>
<b>Net Revenues</b>	<b>\$2,015M</b>	<b>\$2,015M</b>	<b>(\$265M)</b>	<b>\$8,225M</b>	<b>\$8,225M</b>	<b>\$225M</b>
Product Costs, Game Ops & Distribution	17%	17%		18%	19%	
Operating Expenses, Incl. SW Amort <sup>3</sup>	53%	41%		46%	40%	
<b>Operating Margin<sup>4</sup></b>	<b>30%</b>	<b>42%</b>	<b>(4 pp)</b>	<b>36%</b>	<b>41%</b>	<b>2 pp</b>
Interest and Other Expense (Income)	1%	1%		1%	1%	
Tax Rate	22%	20%		22%	20%	
<b>EPS</b>	<b>\$0.59</b>	<b>\$0.84</b>	<b>(\$0.19)</b>	<b>\$2.83</b>	<b>\$3.34</b>	<b>\$0.26</b>
Fully Diluted Weighted Avg. Shares <sup>5</sup>	784M	784M		787M	787M	
<b>Net Bookings (operating metric)<sup>6</sup></b>	<b>\$1,750M</b>			<b>\$8,450M</b>		

<sup>1</sup> Non-GAAP reconciliations are in the earnings release dated February 4, 2021, which is available on [www.activisionblizzard.com](http://www.activisionblizzard.com).

<sup>2</sup> Net effect of revenue deferral accounting treatment on certain of our online enabled products.

<sup>3</sup> Includes expenses related to product development, sales & marketing, and general & administrative, as well as software amortization & IP licenses costs.

<sup>4</sup> May not recalculate due to rounding.

<sup>5</sup> Including fully diluted shares based on average share price.

<sup>6</sup> Net bookings is an operating metric that is defined as the net amount of products and services sold digitally or sold-in physically in the period, and includes license fees, merchandise, and publisher incentives, among others and is equal to net revenues excluding the impact from deferrals.

CALL OF DUTY

WORLD  
WARcraft

HEARTHSTONE



DIABLO

STARcraft

Candy  
Crush

Bubble  
Witch

FARM  
Heroes



ACTIVISION®

BLIZZARD®

Q&A

FEBRUARY 4, 2021