

# Electronic Arts Inc. Q4 FY 2021 Results

May 11, 2021

# Safe Harbor Statement

## Please review our risk factors on Form 10-Q filed with the SEC.

- Some statements set forth in this document, including the information relating to EA’s fiscal 2022 guidance information and title slate contain forward-looking statements that are subject to change. Statements including words such as “anticipate,” “believe,” “expect,” “intend,” “estimate,” “plan,” “predict,” “seek,” “goal,” “will,” “may,” “likely,” “should,” “could” (and the negative of any of these terms), “future” and similar expressions also identify forward-looking statements. These forward-looking statements are not guarantees of future performance and reflect management’s current expectations. Our actual results could differ materially from those discussed in the forward-looking statements. Some of the factors which could cause the Company’s results to differ materially from its expectations include the following: the impact of the COVID-19 pandemic; sales of the Company’s products and services; the Company’s ability to develop and support digital products and services, including managing online security and privacy; outages of our products, services and technological infrastructure; the Company’s ability to manage expenses; the competition in the interactive entertainment industry; governmental regulations; the effectiveness of the Company’s sales and marketing programs; timely development and release of the Company’s products and services; the Company’s ability to realize the anticipated benefits of, and integrate, acquisitions; the consumer demand for, and the availability of an adequate supply of console hardware units; the Company’s ability to predict consumer preferences among competing platforms; the Company’s ability to develop and implement new technology; foreign currency exchange rate fluctuations; general economic conditions; changes in our tax rates or tax laws; and other factors described in Part II, Item 1A of Electronic Arts’ latest Quarterly Report on Form 10-Q under the heading “Risk Factors”, as well as in other documents we have filed with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended March 31, 2020
- These forward-looking statements are current as of May 11, 2021. Electronic Arts assumes no obligation to revise or update any forward-looking statement for any reason, except as required by law. In addition, the preliminary financial results set forth herein are estimates based on information currently available to Electronic Arts.
- While Electronic Arts believes these estimates are meaningful, they could differ from the actual amounts that Electronic Arts ultimately reports in its Annual Report on Form 10-K for the fiscal year ended March 31, 2021. Electronic Arts assumes no obligation and does not intend to update these estimates prior to filing its Form 10-K for the fiscal year ended March 31, 2021.

# Executing On Our Key Growth Drivers

## 1. Delivering amazing games and content

- Launched 13 new games in the fiscal year, with It Takes Two in Q4.
- Recently acquired Codemasters, Glu Mobile, and Metalhead Software, increasing our reach in sports and on mobile.

## 2. Offering live services that extend and enhance the experience

- In Q4, average daily active FIFA players were up 10% year-over-year, demonstrating continued engagement late into the season. During the fiscal year, FIFA Ultimate Team players grew 16% and FUT matches were up 180%.
- During Q4, Apex Legends launched Season 8 and averaged over 12 M weekly average users. In FY21, Apex grew steadily throughout, exceeding expectations, to deliver its second year of growth. In FY22, Apex is forecasted to deliver close to 20% growth to ~\$750 M in net bookings.
- The Sims 4 delivered its sixth consecutive year of growth and has almost 36 million players life to date.

## 3. Connecting more players, across more platforms, and more ways to play

- Welcomed 42 million new players to the EA network during the fiscal year
- Expanded our portfolio to more platforms, including launching games on Steam, PS5, Xbox Series X/S, Stadia and Nintendo Switch.

# FY21 Financial Highlights

- Record net revenue
- Record net bookings
- Record operating cash flow
- Returned over \$800 million to shareholders

# Financial Summary

**Q4 FY21** (\$ in millions, except EPS)

**Actuals**

**Guidance**

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Net revenue

1,346

1,317

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Operating expenses

852

837

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GAAP EPS

0.26

(0.07)

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GAAP net revenue overperformance was driven by live services, primarily Apex Legends.

GAAP operating expenses came in very slightly above our expectations for the quarter, driven primarily by Codemasters opex, fees related to the acquisition of Codemasters, and some fees relating to the acquisition of Glu.

See following slides for further commentary on business drivers.

# Key Business Drivers – Net bookings

(\$ in millions)

**Q4 FY21 Total net bookings**      **1,490**

\$115 million above guidance of \$1,375 million, driven by outperformance of live services, particularly Apex Legends.

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**Live services & other**      **1,303**

Outperformance driven by Apex Legends and FIFA Ultimate Team.

Mobile showed its fourth consecutive quarter of year-on-year growth, with outperformance led by Star Wars: Galaxy of Heroes and The Sims.

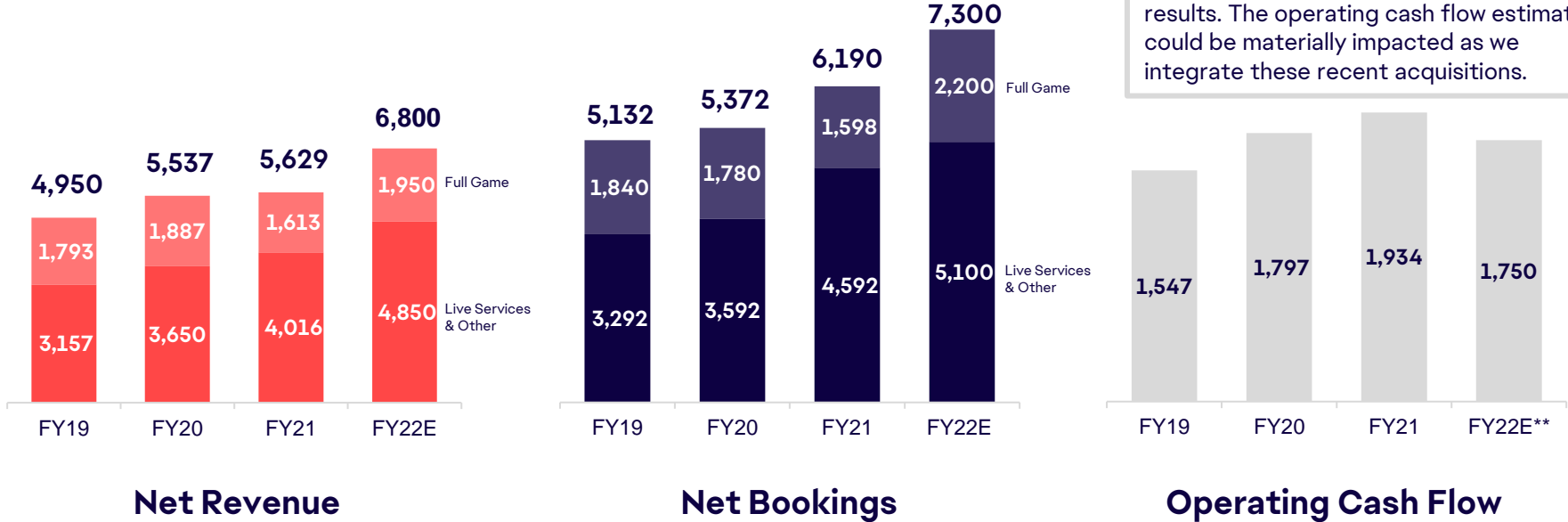
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**Full game**      **187**

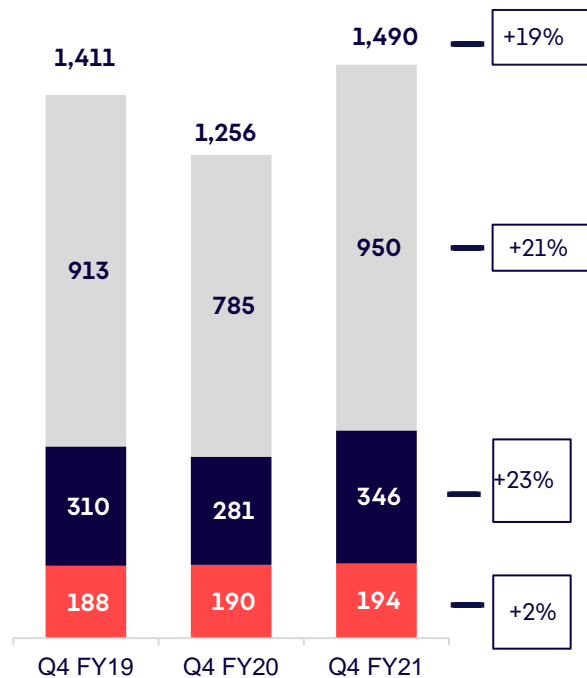
62% of units sold through are now digital rather than physical compared to 49% in the prior year period, measured on Xbox One/X/S, PlayStation 4/5 over the last twelve months.

# Growth: Topline to Cash

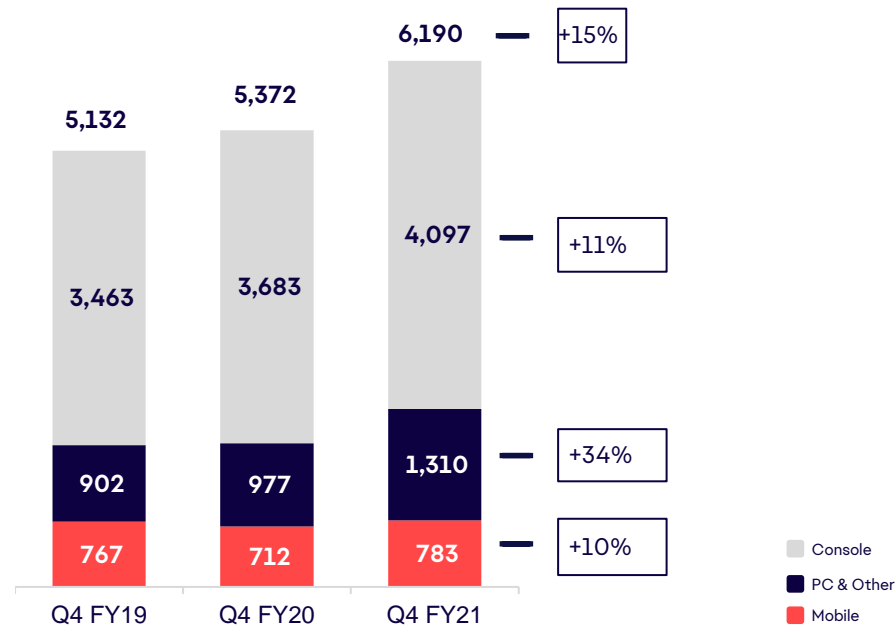
(in \$ millions)



# Net Bookings by Platform



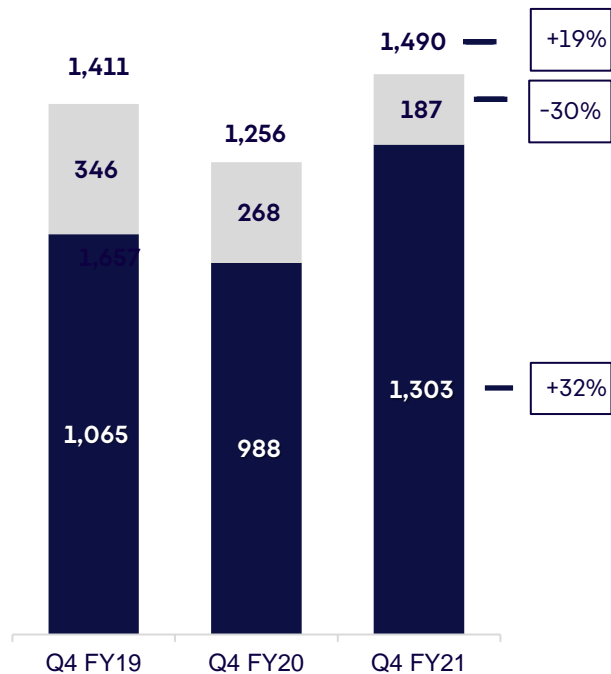
**Quarterly** (in \$ millions) YoY Growth



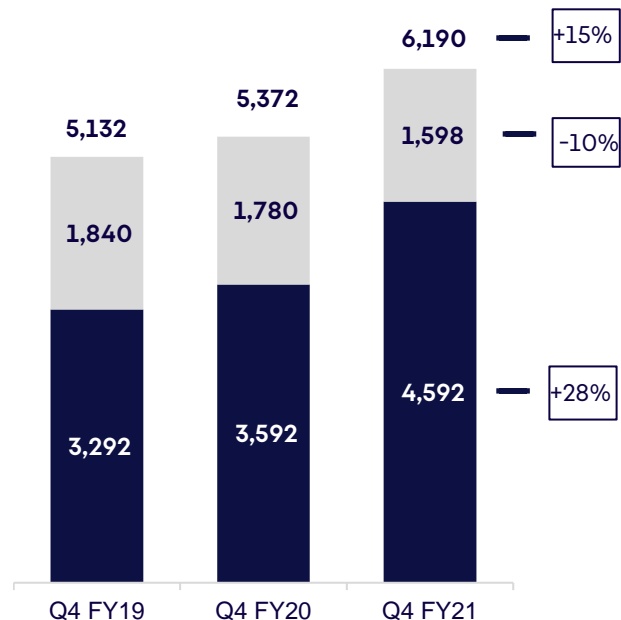
**Trailing 12 Months** (in \$ millions) YoY Growth



# Net Bookings by Composition



**Quarterly** (in \$ millions) YoY Growth



**Trailing 12 Months** (in \$ millions) YoY Growth

■ Full Game  
■ Live Services & Other

# Expanding, Diversified Portfolio of Live Services

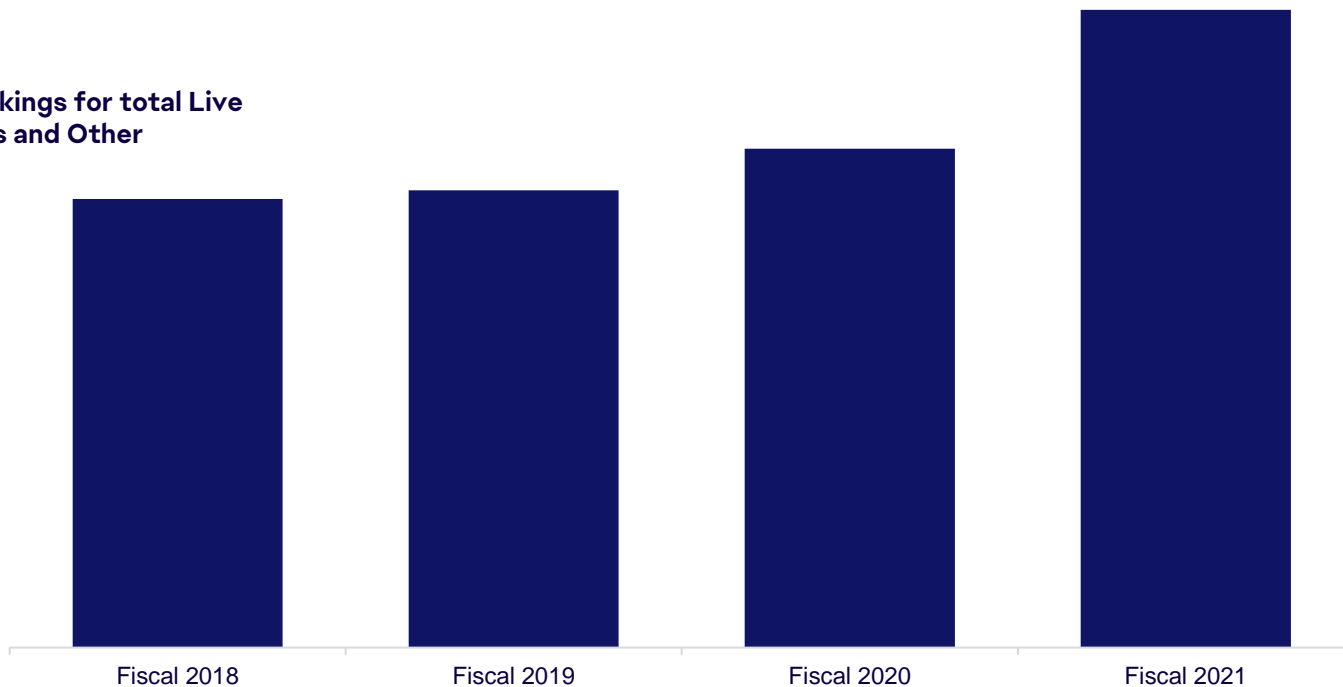
Active Q4 FY21 Console/PC

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# Extending Power of Live Services

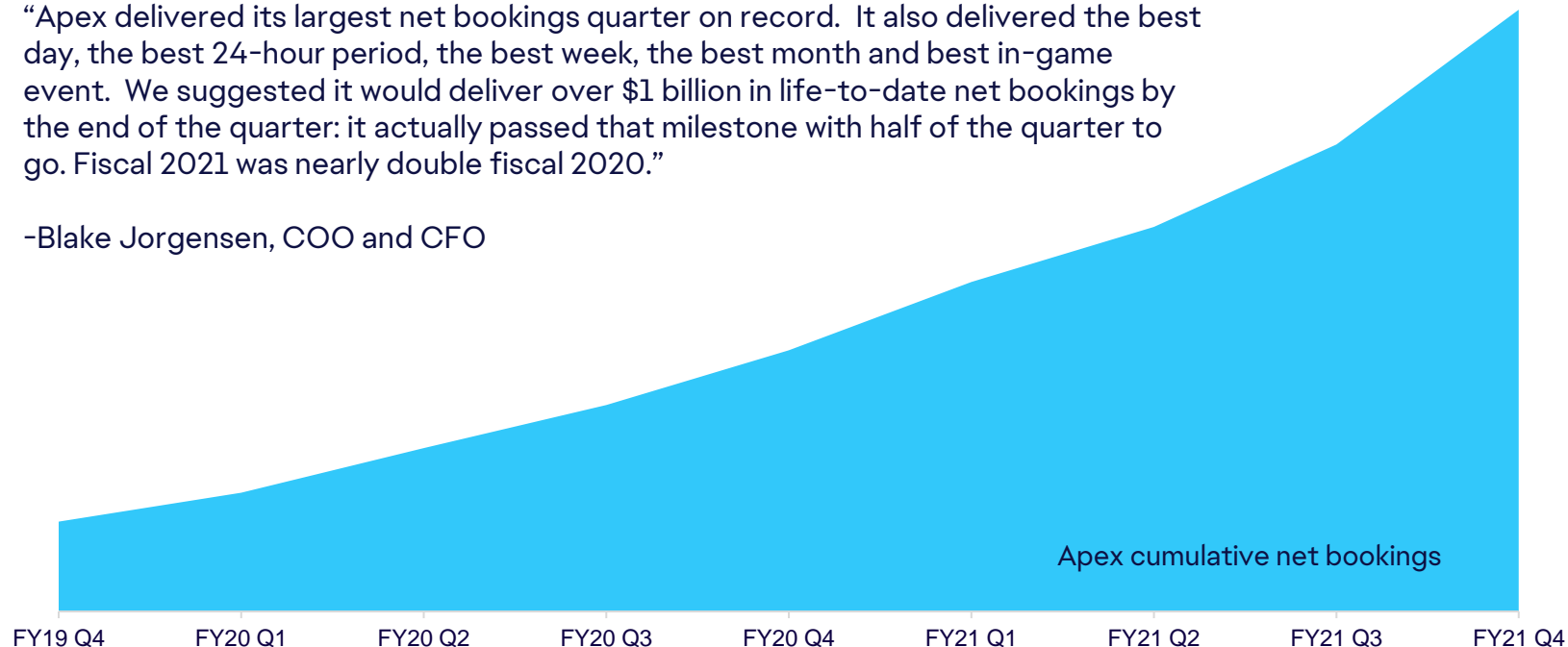
Net bookings for total Live Services and Other



# Apex Legends Exceeds \$1 Billion Life-to-Date Net Bookings in Q4 FY21

“Apex delivered its largest net bookings quarter on record. It also delivered the best day, the best 24-hour period, the best week, the best month and best in-game event. We suggested it would deliver over \$1 billion in life-to-date net bookings by the end of the quarter: it actually passed that milestone with half of the quarter to go. Fiscal 2021 was nearly double fiscal 2020.”

-Blake Jorgensen, COO and CFO



# FY22 Announced Title Slate

## Q1

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Knockout City

Mass Effect Legendary Edition

## Q3

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Battlefield

NHL 22

## Q2

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FIFA 22

F1 2021

Madden NFL 22

## Q4

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EA SPORTS PGA Tour

- Only announced titles with public launch dates are represented.
- In addition, we have announced platform expansion for Star Wars Jedi: Fallen Order on Xbox Series X and PS5.
- Titles are reflected in alphabetical order.

# Mobile: Profitably Leveraging Our IP, Growing Our Portfolio with M&A



# Fiscal Year Guidance Notes

(\$ in millions, except EPS)

FY22E

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<b>Net revenue</b>	<b>6,800</b>
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<b>Cost of revenue</b>	<b>1,828</b>
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<b>GAAP EPS</b>	<b>1.34</b>
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Our EPS guidance calculation does not factor in share repurchase.

<b>Operating cash flow</b>	<b>1,750</b>
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<b>Net bookings</b>	<b>7,300</b>
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Net bookings of \$7.3 billion is ~18% y/y growth, which includes the impact of Glu Mobile, Codemasters and Metalhead Software.

We expect to continue to drive strong organic growth in Apex Legends, and layer on contributions from mobile in the back half of the year. In sports, we expect Ultimate Team to be strong, we're launching a new golf game, and FI. And then of course we'll add Battlefield in the holiday season.

Our financial expectations for Q1 and FY22 include estimates of the impact of our recent acquisitions on consolidated results, including our acquisition of Glu Mobile on April 29, 2021. The GAAP and operating cash flow estimates could be materially impacted as we integrate these recent acquisitions.

# Fiscal Year Guidance

The following table provides guidance for EA's Fiscal 2022 financial performance. These preliminary estimates and expectations are based on current information as of May 11, 2021 and are subject to business and economic risks and uncertainties that could cause actual events or actual future results to differ materially from expectations set forth herein. In addition, while EA does not provide expectations on non-GAAP financial performance measures, the following outlook for GAAP-based financial data and a long-term tax rate of 18% are used internally by EA to adjust our GAAP expectations to assess EA's operating results and plan for future periods.

For more information about the nature of the GAAP-based financial data, please refer to EA's Form 10-K for the fiscal year ended March 31, 2020.

This information is also available in Excel format in our financial model at [ir.ea.com](http://ir.ea.com).

	<b>Twelve Months Ending March 31, 2022</b>			
	<b>GAAP-Based Financial Data</b>			
	<b>GAAP Guidance</b>	<b>Acquisition- related expenses</b>	<b>Change in deferred net revenue (online- enabled games)</b>	<b>Stock-based compensation</b>
<i>(in \$ millions)</i>				
Total net revenue	6,800	-	500	-
Cost of revenue	1,828	(40)	-	-
Operating expense	4,125	(285)	-	(575)
Income before provision for income taxes	790	325	500	575
Net income	390			
Number of shares used in computation:				
Diluted shares	292			



# Quarterly Guidance Notes

(\$ in millions, except EPS)

Q1E

Commentary

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**Net revenue**

**1,475**

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**Cost of revenue**

**287**

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**Operating expense**

**955**

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**GAAP EPS**

**0.24**

Our EPS guidance calculation does not factor in share repurchase.

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**Net bookings**

**1,250**

# Quarterly Guidance

The following table provides guidance for EA's Q1 FY22 financial performance. These preliminary estimates and expectations are based on current information as of May 11, 2021 and are subject to business and economic risks and uncertainties that could cause actual events or actual future results to differ materially from expectations set forth herein. In addition, while EA does not provide expectations on non-GAAP financial performance measures, the following outlook for GAAP-based financial data and a long-term tax rate of 18% are used internally by EA to adjust our GAAP expectations to assess EA's operating results and plan for future periods.

For more information about the nature of the GAAP-based financial data, please refer to EA's Form 10-K for the fiscal year ended March 31, 2020.

This information is also available in Excel format in our financial model at [ir.ea.com](http://ir.ea.com).

	<b>Three Months Ending June 30, 2021</b>			
	<b>GAAP-Based Financial Data</b>			
	<b>GAAP Guidance</b>	<b>Acquisition- related expenses</b>	<b>Change in deferred net revenue (online- enabled games)</b>	<b>Stock-based compensation</b>
<i>(in \$ millions)</i>				
Total net revenue	1,475	-	(225)	-
Cost of revenue	287	(5)	-	-
Operating expense	955	(70)	-	(125)
Income before provision for income taxes	220	75	(225)	125
Net income	70			
Number of shares used in computation:				
Diluted shares	291			

# Currency Assumptions

## Current FX assumptions<sup>1,2</sup>

	USD/	FY20 Q4A	FY21 Q4A	FY22E
<b>Net Bookings</b>	EUR	<b>1.10</b>	<b>1.22</b>	<b>1.18</b>
	GBP	<b>1.30</b>	<b>1.38</b>	<b>1.38</b>
<b>Operating Expenses</b>	CAD	<b>1.32</b>	<b>1.27</b>	<b>1.26</b>
	SEK	<b>9.59</b>	<b>8.29</b>	<b>8.72</b>

## Rule of thumb

If the U.S. dollar strengthens 10% against the Euro and British pound sterling:

- With hedging, total net bookings decrease ~3.5%
- Total cost of revenue and operating expenses decrease ~2.0%

If the U.S. dollar strengthens 10% against the Canadian dollar and Swedish krona:

- Total net bookings decrease ~0.5%
- With hedging, total cost of revenue and operating expenses decrease ~0.5%

Note: Our financial guidance includes the forecasted impact of the FX cash flow hedging program.

<sup>1</sup> For FY20 Q4A and FY21 Q4A, FX rates are a simple average of EA's actual monthly P&L rates. For FY22, the same FX rates are used for all forecast periods.

<sup>2</sup> For all periods, FX rates are quoted using market convention.

## Cash Flow Selected Data

Cash Flow Data (in \$ millions)		Actuals			
		Q4 2021	Q4 2020	Q4 TTM 2021	Q4 TTM 2020
Investing Cash Flow		<b>(444)</b>	<b>(11)</b>	<b>(505)</b>	<b>(1,357)</b>
Financing Cash Flow		<b>526</b>	<b>(300)</b>	<b>(15)</b>	<b>(1,358)</b>
Operating Cash Flow	A	<b>371</b>	<b>498</b>	<b>1,934</b>	<b>1,797</b>
Capital Expenditures	B	<b>31</b>	<b>40</b>	<b>124</b>	<b>140</b>
Free Cash Flow	A – B	<b>340</b>	<b>458</b>	<b>1,810</b>	<b>1,657</b>

Record Fiscal Year Operating Cash Flow

# Appendix

- Net revenue, gross profit and operating cash flow are presented on a GAAP basis.
- Net bookings is an operating metric that EA defines as the net amount of products and services sold digitally or sold-in physically in the period. Net bookings is calculated by adding total net revenue to the change in deferred net revenue for online-enabled games.
- A calculation of net bookings can be found in the “Net Bookings” tab of the Financial Model provided on our IR website.
- During Q4 FY21, EA completed the acquisition of Codemasters Group Holdings plc. Codemasters was integrated into EA for financial reporting purposes and EA’s financial results for Q4 FY21 and full year FY21 include Codemasters’ financial results from and after February 18, 2021, the closing date of the Codemasters acquisition.
- During Q1 FY22, EA completed the acquisition of Glu Mobile Inc. Glu Mobile will be integrated into EA for financial reporting purposes in Q1 FY22. EA’s financial expectations for Q1 and FY22 include estimates of the impact of our recent acquisitions on consolidated results. GAAP and operating cash flow estimates could be materially impacted as we integrate these recent acquisitions.
- Forward-looking statements are valid as of May 11, 2021 only. Electronic Arts assumes no obligation to update these forward-looking statements, except required by law.