



Electronic Arts Inc. Q1 FY 2021 Results

July 30, 2020

Safe Harbor Statement



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

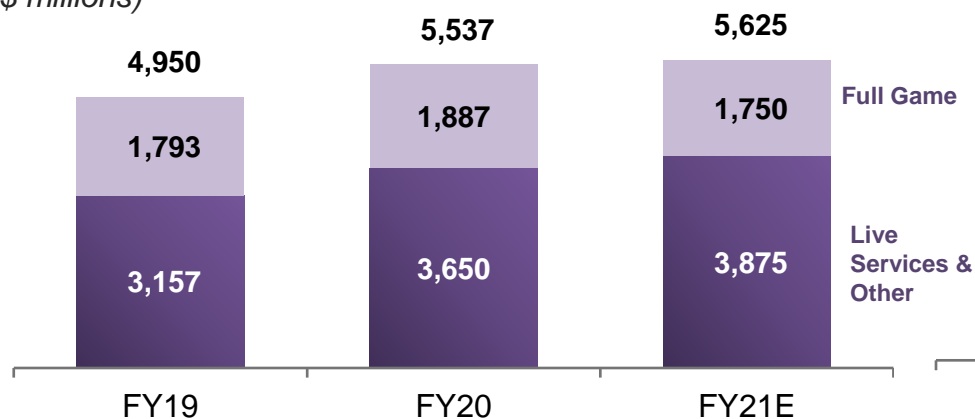
- Some statements set forth in this document, including the information relating to EA's fiscal 2021 guidance information and title slate contain forward-looking statements that are subject to change. Statements including words such as "anticipate," "believe," "expect," "intend," "estimate," "plan," "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 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 I, Item 1A of Electronic Arts' latest Annual Report on Form 10-K under the heading "Risk Factors", as well as in other documents we have filed with the Securities and Exchange Commission.
- These forward-looking statements are current as of July 30, 2020. 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 Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2020. Electronic Arts assumes no obligation and does not intend to update these estimates prior to filing its Form 10-Q for the fiscal quarter ended June 30, 2020.

EA Growth Trends

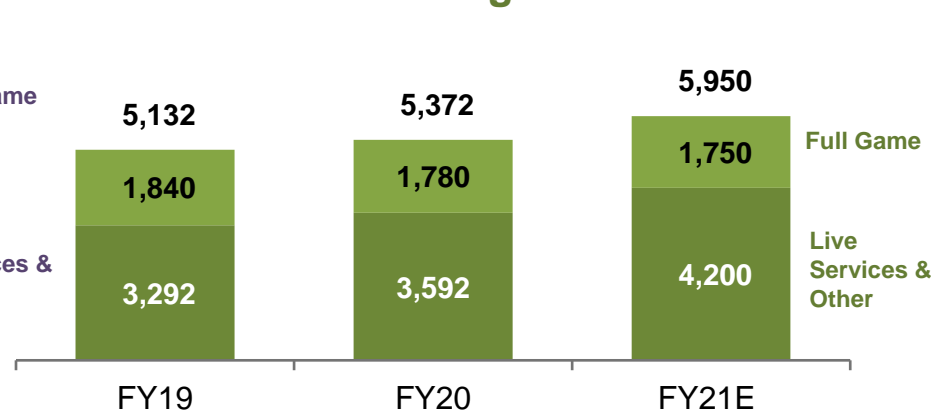


(in \$ millions)

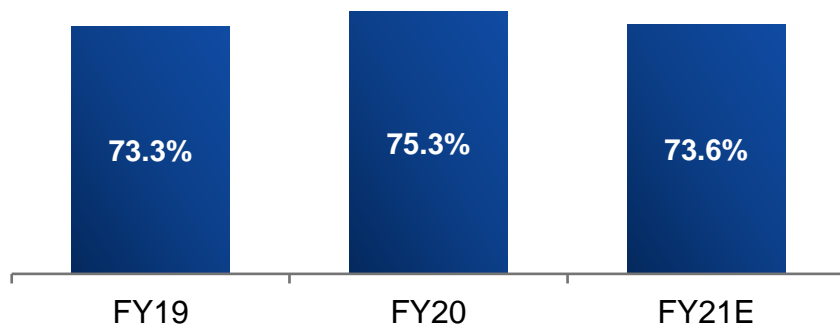
Net Revenue^{1,3}



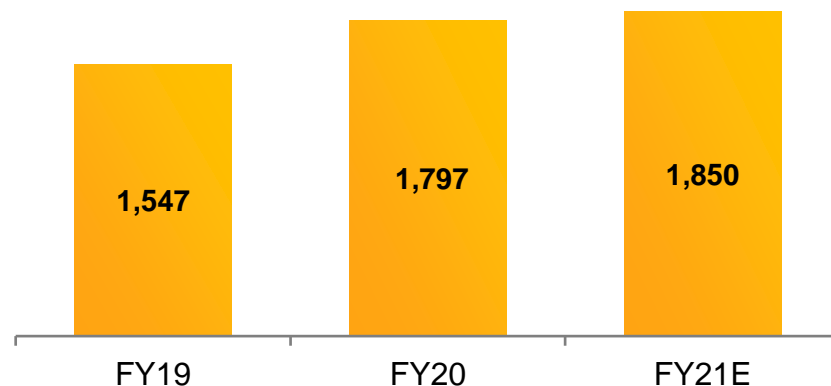
Net Bookings^{2,3}



Gross Profit¹



Operating Cash Flow¹



1. Net revenue, gross profit and operating cash flow are presented on a GAAP basis.

2. 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.

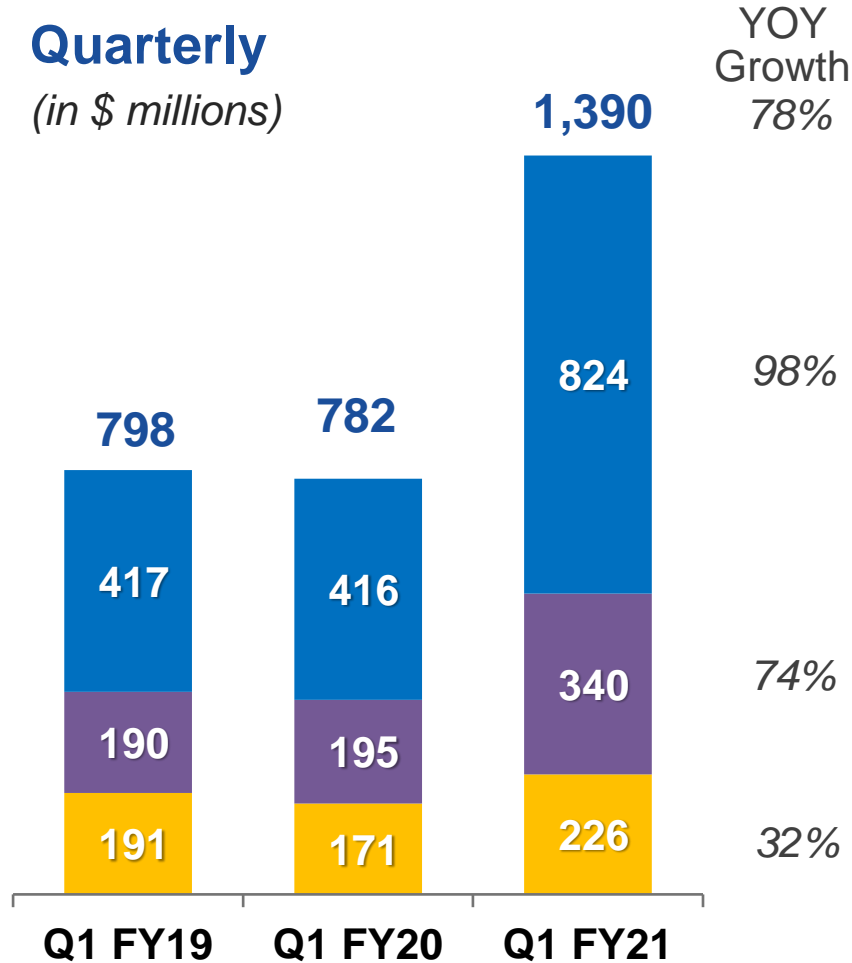
3. In fiscal 2021, EA changed the way in which it reports net bookings. Periods prior to the first quarter of fiscal 2021 have been recast for comparability to align with these changes. For more information please refer to the Financial Reporting FAQ on the IR website.

EA Net Bookings by Platform

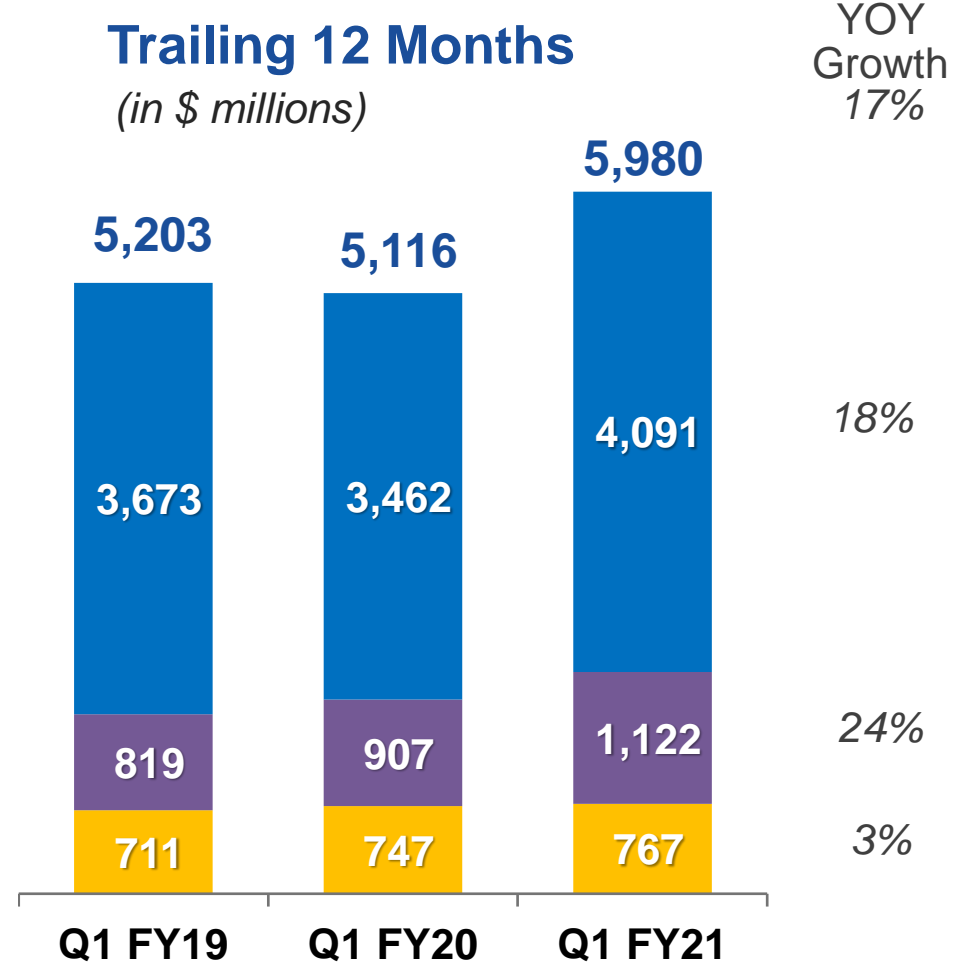


■ Console
 ■ PC & Other
 ■ Mobile

Quarterly
(in \$ millions)



Trailing 12 Months
(in \$ millions)



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EA Net Bookings by Composition



■ Full Game ■ Live Services

Quarterly (in \$ millions)

YOY
Growth

1,390 78%
287 202%

798

141

657

782

95

687

1,103 61%

Q1 FY19

Q1 FY20

Q1 FY21

Trailing 12 Months (in \$ millions)

YOY
Growth
17%

5,980

10%

5,203

2,145

3,058

5,116

1,794

3,322

1,972

4,008 21%

Q1 FY19

Q1 FY20

Q1 FY21

In fiscal 2021, EA changed the way in which it reports net bookings. Periods prior to the first quarter of fiscal 2021 have been recast to align with these changes. For more information please refer to the Financial Reporting FAQ on our IR website.

FY21 Announced Titles



Launch	Title
Q1	Burnout Paradise Remastered Command & Conquer Remastered
Q2	Madden NFL 21 Rocket Arena <i>Star Wars: Squadrons</i> UFC 4
Q3	FIFA 21 NHL 21
Q4	

- Only announced titles with public launch dates are represented above. Titles are reflected in alphabetical order and launch timing is subject to change.
- Over the coming months, we expect to announce or confirm the launch dates of additional FY21 title releases, including three EA Originals titles (Lost in Random and It Takes Two, plus one other), the Medal of Honor VR title, and two mobile soft launches.
- In addition, we will see platform expansions for some of our current EA titles.

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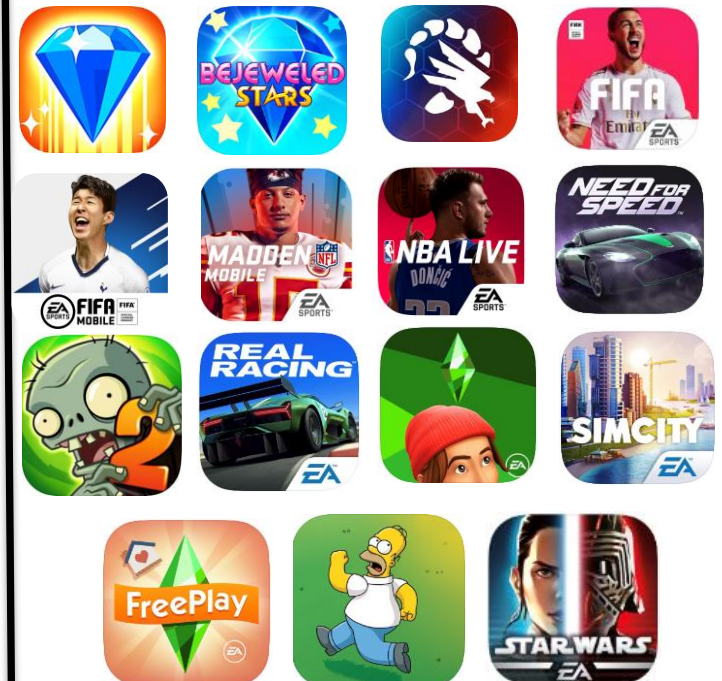
Select Live Services and Mobile



Console/PC

Mobile

Active Q1 FY21



FY21 Guidance



The following table provides guidance for EA's FY21 financial performance. These preliminary estimates and expectations are based on current information as of July 30, 2020 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.

	Twelve Months Ending March 31, 2021			
	GAAP-Based Financial Data			
	GAAP Guidance	Acquisition- related expenses	Change in deferred net revenue (online- enabled games)	Stock-based compensation
(in \$ millions)				
Total net revenue	5,625	-	325	-
Cost of revenue	1,483	-	-	(1)
Operating expense	3,024	(20)	-	(444)
Income before provision for income taxes	1,086	20	325	445
Net income	869			
Number of shares used in computation:				
Diluted shares	293			

Q2 FY21 Guidance



The following table provides guidance for EA's Q2 FY21 financial performance. These preliminary estimates and expectations are based on current information as of July 30, 2020 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.

	Three Months Ending September 30, 2020			
	GAAP-Based Financial Data			
	GAAP Guidance	Acquisition- related expenses	Change in deferred net revenue (online- enabled games)	Stock-based compensation
<i>(in \$ millions)</i>				
Total net revenue	1,125	-	(250)	-
Cost of revenue	280	-	-	-
Operating expense	755	(5)	-	(110)
Income (loss) before provision for (benefit from) income taxes	83	5	(250)	110
Net income (loss)	61			
Number of shares used in computation:				
Basic shares	289			
Diluted shares	293			



Guidance – Phasing

FY21 Quarterly Net Revenue and Net Bookings

- As previously announced, Madden NFL 21 will launch on August 28, 2020 and FIFA 21 will launch on October 9, 2020.
- The launch of Madden NFL 21 remains in Q2 but has less estimated live services during Q2 compared to EA's forecast as of May 5, 2020 and the prior year (Madden NFL 20 launched on August 2, 2019).
- The launch of FIFA 21 moves the title out of Q2 to the beginning of Q3.
- The updated launch dates change the forecasted phasing of net revenue and net bookings from our forecast as of May 5, 2020, lowering Q2 net bookings by ~\$525 million. Note that we have simultaneously increased our forecast for Q3 net bookings by ~\$450 million and Q4 net bookings by ~\$85 million.

	Q1A	Q2E	Q3E	Q4E	FY21E
GAAP Net Revenue %	26%	20%	31%	23%	100%
GAAP Net Revenue \$M	\$1,459	\$1,125	\$1,750	\$1,291	\$5,625
Change in deferred net revenue \$M	(\$69)	(\$250)	\$650	(\$6)	\$325
Net Bookings %	23%	15%	40%	22%	100%

Beginning in Q2FY21, we will recognize a portion of our revenue for online-enabled games and content over a longer period of time as consumers are playing our games longer. We estimate that this change will move the recognition of approximately \$300 million in net revenue from FY21 into FY22. This change will not affect net bookings or operating cash flow.

Currency Assumptions



- **Current FX assumptions¹:**

	USD/	FY20 Q1A	FY21 Q1A	FY21 Q2-4E
Net Bookings	EUR	1.12	1.09	1.13
	GBP	1.29	1.21	1.24
Operating Expenses	CAD	1.34	1.40	1.36
	SEK	9.44	9.89	9.30

- **Rule of thumb**

- If the U.S. dollar strengthens 10% against the Euro and British pound sterling:
 - With hedging, total net bookings decrease 2.1%
 - Total cost of revenue and operating expenses decrease 1.6%
- If the U.S. dollar strengthens 10% against the Canadian dollar and Swedish krona:
 - Total net bookings decrease 0.4%
 - With hedging, total cost of revenue and operating expenses decrease 0.7%

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

¹ For FY20 Q1A and FY21 Q1A, FX rates are a simple average of EA's actual monthly P&L rates. For FY21 Q2-4E, the same FX rates are used for all forecast periods.

These forward-looking statements are valid as of July 30, 2020 only. Electronic Arts assumes no obligation to update these forward-looking statements.



Cash Flow Selected Data

(in \$ millions)		Actuals			
		Q1 2021	Q1 2020	Q1 TTM 2021	Q1 TTM 2020
Cash Flow Data					
Investing Cash Flow		(8)	(950)	(415)	(678)
Financing Cash Flow		(144)	(385)	(1,117)	(1,250)
Operating Cash Flow	A	378	158	2,017	1,585
Capital Expenditures	B	38	45	133	132
Free Cash Flow	A - B	340	113	1,884	1,453