



# Electronic Arts Inc. Q4 FY 2022 Results

May 10, 2022

Electronic Arts

# 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 2023 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: 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; economic and geopolitical 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, 2021.

These forward-looking statements are current as of May 10, 2022. 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, 2022. 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, 2022.

# FY22 Highlights

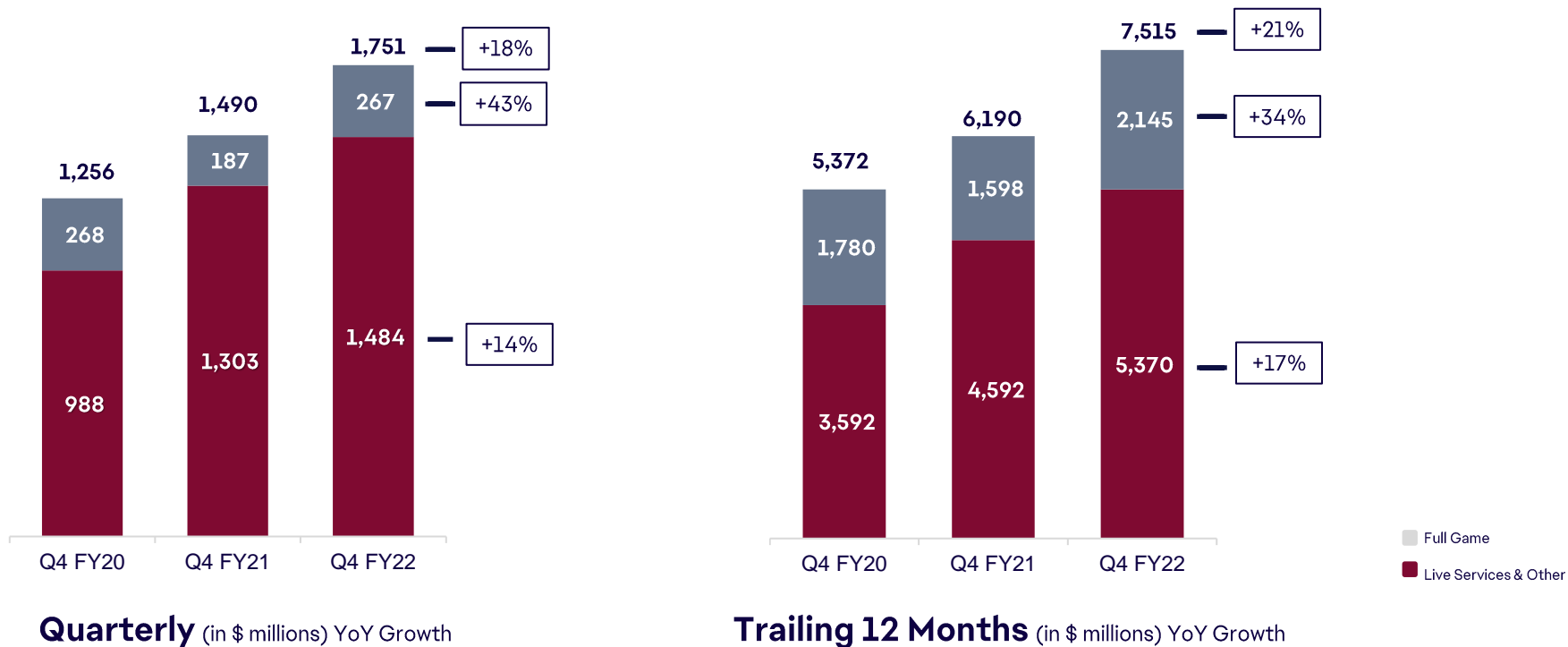
- **Net bookings +21%, y/y, to a record \$7.515 billion.**
  - Live services +17%, y/y, and represented 71% of total net bookings for FY22.
- **The EA player network increased 16%, y/y, to more than 580 million unique active accounts.**
  - EA SPORTS FIFA had more than 150 million accounts.
- **12 titles contributed \$100 million or more net bookings in FY22.**
  - Across live services and full game, PC, console and mobile.
  - FIFA 22 was the most successful game in franchise history, launch to date.
  - Apex Legends net bookings increased over 40% y/y.
  - It Takes Two won over 90 awards.
- **Generated \$1.9 billion in OCF**
  - Delivered almost \$1.5 billion to shareholders through our share repurchase program and dividends.

# Key Business Drivers – Net bookings

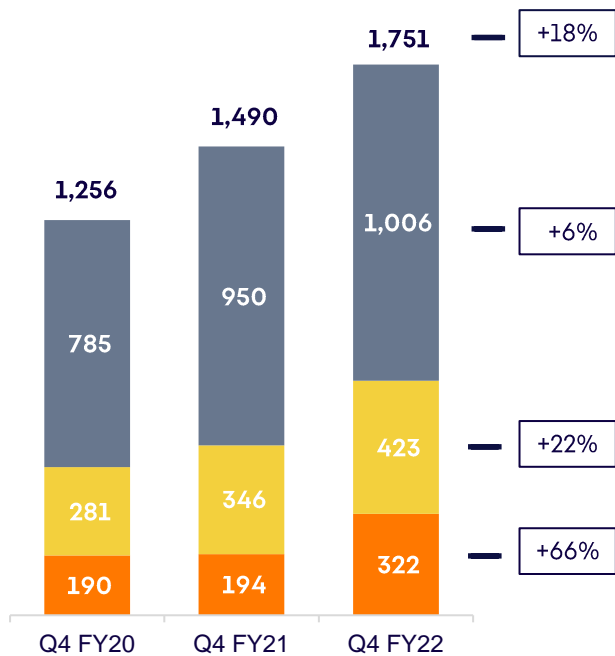
(in \$ millions)

<b>Q4 FY22 Total net bookings</b>	<b>1,751</b>	18% year-over-year, reaching a new Q4 high, even with the action we took to cease sales in Russia and Belarus during the quarter.
<b>Live services &amp; other</b>	<b>1,484</b>	14% year-over-year growth driven by acquisitions.
<b>Full game</b>	<b>267</b>	43% year-over-year growth driven by FIFA.  65% of units sold through are now digital rather than physical compared to 62% in the prior year period, measured on Xbox One/X/S, PlayStation 4/5 over the last twelve months.

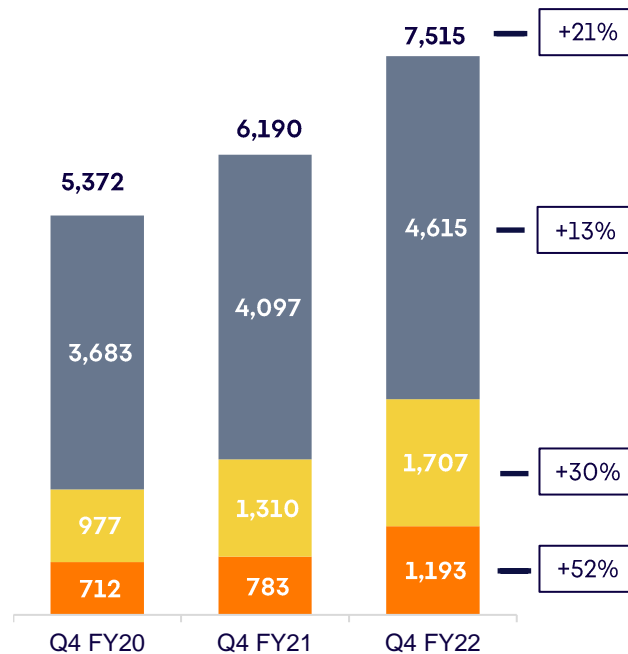
# Net Bookings by Composition



# Net Bookings by Platform



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



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



# Cash Flow Selected Data

Cash Flow Data (in \$ millions)		Actuals			
		Q4 2022	Q4 2021	Q4 TTM 2022	Q4 TTM 2021
Investing Cash Flow		<b>(33)</b>	<b>(444)</b>	<b>(2,804)</b>	<b>(505)</b>
Financing Cash Flow		<b>(351)</b>	<b>526</b>	<b>(1,620)</b>	<b>(15)</b>
Operating Cash Flow	A	<b>444</b>	<b>371</b>	<b>1,899</b>	<b>1,934</b>
Capital Expenditures	B	<b>53</b>	<b>31</b>	<b>188</b>	<b>124</b>
Free Cash Flow	A – B	<b>391</b>	<b>340</b>	<b>1,711</b>	<b>1,810</b>

# Expanding, Diversified Portfolio of Live Services

Active Q4 FY22 Console/PC

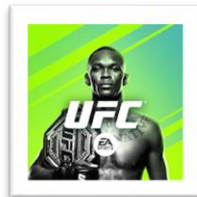
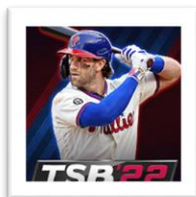
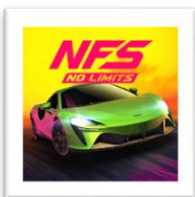
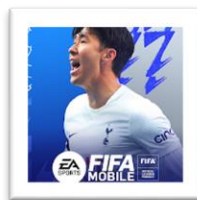
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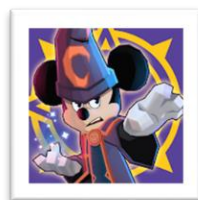
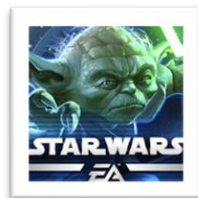


# Mobile: Profitably Leveraging Our IP, Growing Our Portfolio

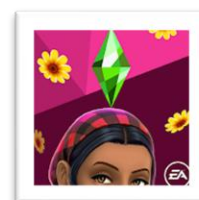
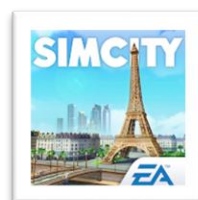
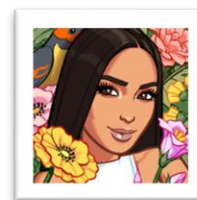
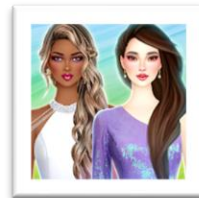
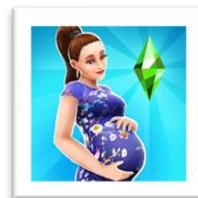
## Sports | Racing



## RPG



## Casual | Lifestyle



# FY23 Title Slate

## Q1

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F1 22

## Q3

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Need for Speed  
NHL

## Q2

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FIFA  
Madden NFL

## Q4

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PGA Tour  
\*\*Major IP  
\*\*Partner Title  
\*\*Remake  
\*\*Sports Title

\*\*We have four titles scheduled in Q4:FY23 that have not yet been publicly disclosed.

- In addition, Apex Legends Mobile and The Lord of the Rings: Heroes of Middle-earth Mobile are also included in our FY23 guidance.
- Titles are reflected in alphabetical order.
- For simplicity of disclosure, all fiscal periods are referred to as ending on a calendar month end. The actual quarter close dates are as follows: July 2, 2022, October 1, 2022, December 31, 2022, and April 1, 2023, respectively.

# Global Talent Delivering Pipeline for Growth



## 1 Vancouver Area

- Respawn Entertainment  
*Apex Legends*
- EA SPORTS  
*FIFA, NHL, UFC*
- Full Circle  
*Skate*
- EA SPORTS Mobile

## 2 Victoria

- Metalhead  
*Super Mega Baseball*

## 3 Seattle Area

- New Studios  
*Unannounced Open World Action Adventure Game, Battlefield*
- PopCap

## 4 Bay Area/Sacramento

- Electronic Arts - HQ
- Glu
- Maxis  
*The Sims*
- Pogo
- Capital Games  
*Star Wars: Galaxy of Heroes*  
*The Lord of the Rings: Heroes of Middle-earth*

## 5 Los Angeles Area

- Respawn Entertainment  
*Apex Legends, Star Wars Jedi: Fallen Order, multiple Star Wars Titles*
- Ripple Effect  
*Battlefield*
- Industrial Toys  
*Battlefield Mobile*

## 6 Edmonton

- Bioware  
*Mass Effect, Dragon Age*

## 7 Austin

- Bioware  
*Star Wars: The Old Republic*
- EA Sports Tiburon

## 8 Toronto

- Glu

## 9 Montreal

- Motive  
*Dead Space, Unannounced IP*

## 10 Orlando

- EA SPORTS Tiburon  
*Madden, PGA Tour, UFC, College Football, Mobile*

## 11 Southam/Manchester

- Codemasters  
*F1, GRID Legends, WRC, Project Cars*
- Playdemic  
*Golf Clash*

## 12 Guildford

- Criterion  
*Need for Speed*

## 13 Madrid

- EA SPORTS Tiburon

## 14 Sweden

- Stockholm - DICE  
*Battlefield*
- Gothenburg

## 15 Helsinki

- Track Twenty

## 16 Cologne

- EA SPORTS  
*FIFA*

## 17 Bucharest

- EA SPORTS  
*FIFA*

## 18 Hyderabad

- Slingshot
- Glu

## 19 Seoul

- EA Korea  
*FIFA Online (Free-to-Play Version)*

## 20 Shanghai

- Electronic Arts  
*FIFA Mobile*
- Pogo

## 21 Melbourne

- Firemonkeys

# Fiscal Year Guidance Notes

(\$ in millions, except EPS)

FY23E

<b>Net revenue</b>	<b>\$7,600 to \$7,800</b>	Y/Y growth driven by live services, particularly in mobile (Apex/FIFA/Lord of the Rings) and supported by the strong launch slate in the second half.
<b>Operating expenses</b>	<b>\$4,200 to \$4,315</b>	Y/Y increase due to growth in studio headcount to deliver content in development and investment in user acquisition for our mobile launches.
<b>GAAP EPS</b>	<b>\$2.79 to \$2.87</b>	Our EPS guidance calculation does not factor in future share repurchases.
<b>Operating cash flow</b>	<b>\$1,600 to \$1,650</b>	Impacted by timing of game launches and higher tax rate.
<b>Net bookings</b>	<b>\$7,900 to \$8,100</b>	In addition to our growth in live services and a strong launch slate in the second half, FY23 also benefits from a full year of Playdemic, compared to six months in FY22, and similarly, a full year of Glu, compared to eleven months in FY22.

# Additional Fiscal Year 2023 Guidance Considerations

- We're entering FY23 from a position of strength. We're experiencing strong engagement across our live services, have great early indicators for our mobile launches, see continued momentum in our annual sports titles, and have a strong slate of console titles scheduled for the second half.
- But we are seeing headwinds from FX relative to the rates we experienced in FY22.
- And we are assuming we will not reenter the Russian/Belarus market.
- Lastly, we've increased the management tax rate used by our long-term model from 18% to 19%, primarily due to U.S. tax rules published in January.
- Relative to the FY23 outlook we provided last quarter, the combined headwinds from FX and Russia take about 4 percentage points off net bookings and 5 percentage points off underlying profits.

# Fiscal Year Guidance

The following table provides guidance for EA's Fiscal 2023 financial performance. These preliminary estimates and expectations are based on current information as of May 10, 2022 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. The following outlook for GAAP-based financial data and a long-term tax rate of 19% 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, 2021.

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

	Twelve Months Ending March 31, 2023					
	GAAP-Based Financial Data*					
	GAAP Guidance Range	Acquisition- related expenses	Change in deferred net revenue (online- enabled games)	Stock-based compensation		
(in \$ millions)						
Total net revenue	7,600 – 7,800	-	300	-		
Cost of revenue	2,020 – 2,065	(110)	-	(5)		
Operating expense	4,200 – 4,315	(140)	-	(595)		
Income before provision for income taxes	1,321 – 1,358	250	300	600		
Net income	793 – 815					
Number of shares used in computation:						
Diluted shares	284					

\*The mid-point of the range has been used for purposes of presenting the reconciling items.

# Quarterly Guidance Notes

(\$ in millions, except EPS)

Q1E

Commentary

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**Net revenue**

**\$1,675 to \$1,725**

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**Cost of revenue**

**\$309 to \$321**

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**GAAP EPS**

**\$0.76 to \$0.85**

Our EPS guidance calculation does not factor in future share repurchases.

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**Net bookings**

**\$1,200 to \$1,250**

Unlike Q1FY22, which featured more new game launches, Q1FY23 net bookings are driven by live services, with only F1 22 launching on console and PC in the period, and at the very end.

# Quarterly Guidance

The following table provides guidance for EA's Q1 FY23 financial performance. These preliminary estimates and expectations are based on current information as of May 10, 2022 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. The following outlook for GAAP-based financial data and a long-term tax rate of 19% are used internally by EA to adjust our GAAP expectations to assess EA's operating results and plan for future periods.

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	<b>Three Months Ending June 30, 2022</b>					
	<b>GAAP-Based Financial Data*</b>					
	<b>GAAP Guidance</b>		<b>Acquisition-</b>	<b>Change in</b>		
	<b>Range</b>		<b>related</b>	<b>deferred net</b>	<b>revenue (online-</b>	<b>Stock-based</b>
			<b>expenses</b>	<b>revenue (online-</b>	<b>enabled games)</b>	<b>compensation</b>
				<b>enabled games)</b>		
(in \$ millions)						
Total net revenue	1,675 – 1,725		-	(475)		-
Cost of revenue	309 – 321		(30)	-		(2)
Operating expense	1,013		(40)	-		(123)
Income before provision for income taxes	337 – 375		70	(475)		125
Net income	216 – 240					
Number of shares used in computation:						
Diluted shares	283					

\*The mid-point of the range has been used for purposes of presenting the reconciling items.



# Currency Assumptions

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

	USD/	FY21 Q4A	FY22 Q4A	FY23E
<b>Net Bookings</b>	EUR	<b>1.22</b>	<b>1.13</b>	<b>1.05</b>
	GBP	<b>1.38</b>	<b>1.35</b>	<b>1.26</b>
<b>Operating Expenses</b>	CAD	<b>1.27</b>	<b>1.27</b>	<b>1.28</b>
	SEK	<b>8.29</b>	<b>9.21</b>	<b>9.86</b>

## Rule of thumb

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

- With hedging, total net bookings decrease ~2.0%
- 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 FY21 Q4A and FY22 Q4A, FX rates are a simple average of EA's actual monthly P&L rates. For FY23, the same FX rates are used for all forecast periods.

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

# 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.
- Forward-looking statements are valid as of May 10, 2022 only. Electronic Arts assumes no obligation to update these forward-looking statements, except required by law.