



Electronic Arts Inc. Q1 FY 2023 Results

August 2, 2022

Electronic Arts

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 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 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 August 2, 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 Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2022. 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, 2022.

Q1 FY23 Highlights

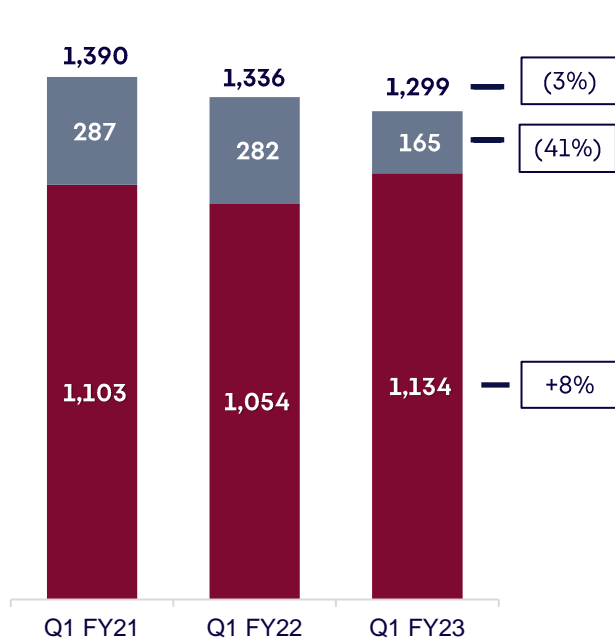
- Total net bookings for the trailing twelve months was \$7.478 billion, up 22%.
- Live services and other net bookings for the trailing twelve months were up 20% and represent 73% of total net bookings.
- The EA player network grew to nearly 600 million active accounts at quarter end.
- Net cash provided by operating activities was \$1.964 billion for the trailing twelve months.

Key Business Drivers – Net Bookings

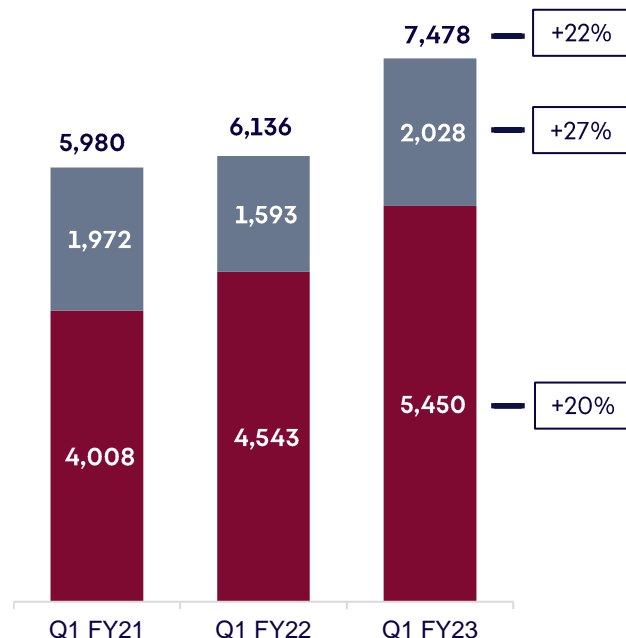
(in \$ millions)

Q1 FY23 Total net bookings	1,299	Live services grew 8% YoY, equivalent to 10% at constant currency
Live services & other	1,134	The whole EA SPORTS FIFA franchise was strong during the quarter. FIFA Online delivered engagement records, FIFA Mobile delivered record quarterly DAUs, and FIFA Ultimate Team engagement grew ~40% year-over-year in weekly and daily average players.
Full game	165	F1 net bookings outperformed our expectations.

Net Bookings by Composition



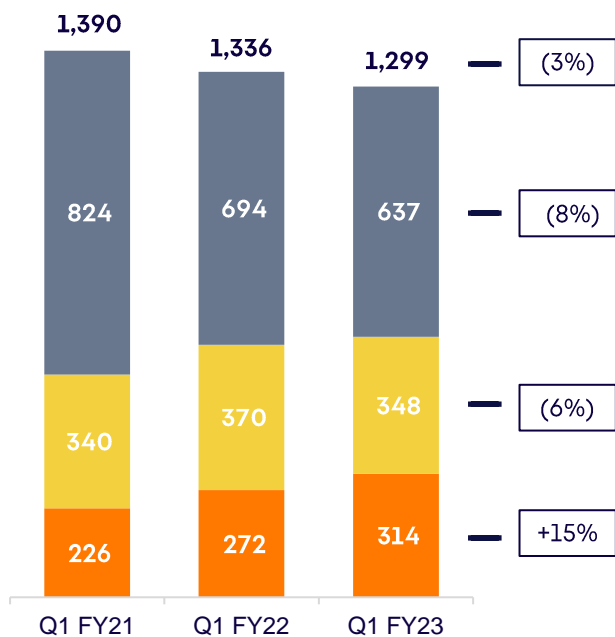
Quarterly (in \$ millions) YoY Growth



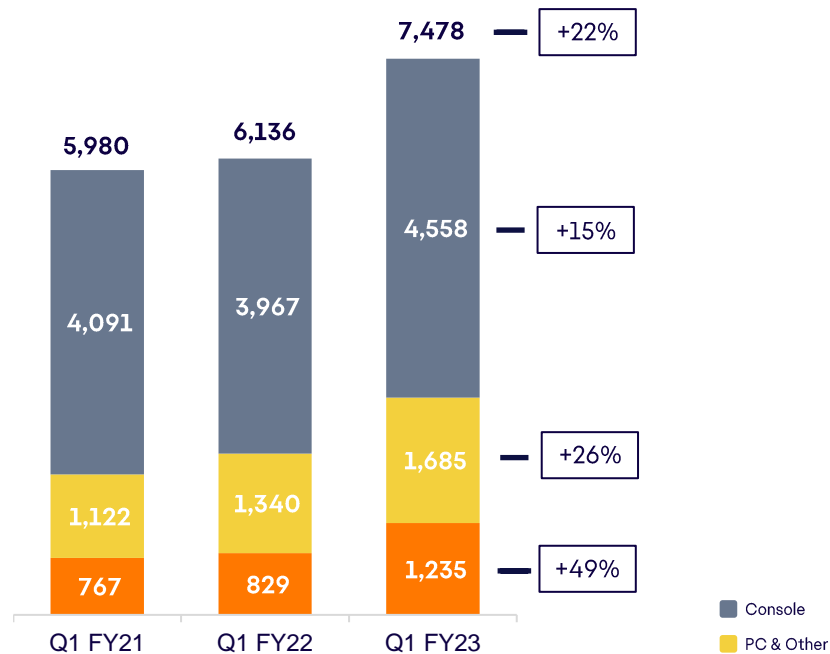
Trailing 12 Months (in \$ millions) YoY Growth

■ Full Game
■ Live Services & Other

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			
		Q1 2023	Q1 2022	Q1 TTM 2023	Q1 TTM 2022
Investing Cash Flow		(65)	(1,811)	(1,058)	(2,308)
Financing Cash Flow		(476)	(479)	(1,617)	(350)
Operating Cash Flow	A	(78)	(143)	1,964	1,413
Capital Expenditures	B	59	44	203	130
Free Cash Flow	A – B	(137)	(187)	1,761	1,283

Expanding, Diversified Portfolio of Live Services

Active Q1 FY23 Console/PC



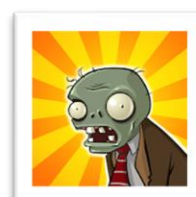
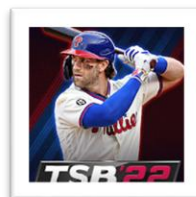
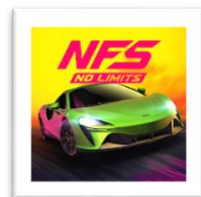
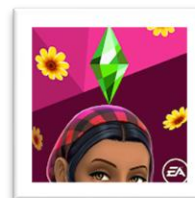
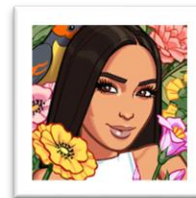
Mobile: Profitably Leveraging Our IP, Growing Our Portfolio

Sports | Racing

Shooter

RPG

Casual | Lifestyle



FY23 Title Slate

Q1	Q2
F1 22	FIFA 23 Madden NFL 23
Q3	Q4
Need for Speed NHL	Dead Space PGA Tour Super Mega Baseball **Major IP **Partner Title

**We have two titles launching in Q4:FY23 that have not yet been publicly disclosed. In addition, The Lord of the Rings: Heroes of Middle-earth Mobile is 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.

FY 23 Guidance Notes

(\$ in millions, except EPS)

FY23E

Net revenue	7,600 to 7,800	Maintaining our guidance at +9% to +12% YoY.
Operating expenses	4,200 to 4,315	Y/Y increase due to growth in studio headcount to deliver content in development and investment in user acquisition for our mobile launches.
GAAP EPS	\$2.79 to \$2.87	Our EPS guidance calculation does not factor in future share repurchases.
Operating cash flow	1,600 to 1,650	Impacted by timing of game launches and higher tax rate.
Net bookings	7,900 to 8,100	Growth driven by live services and a strong launch slate in the second half.

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 August 2, 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, 2022.

This information is also available in Excel format in our financial model at 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 to 7,800	-	300	-
Cost of revenue	2,020 to 2,065	(110)	-	(5)
Operating expense	4,200 to 4,315	(140)	-	(595)
Income before provision for income taxes	1,321 to 1,358	250	300	600
Net income	793 to 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.

Q2 FY23 Guidance Notes

(\$ in millions, except EPS)

Q2E

Commentary

Net revenue

1,850 to 1,900

Cost of revenue

467 to 480

GAAP EPS

\$0.78 to \$0.86

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

Net bookings

1,725 to 1,775

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 August 2, 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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	Three Months Ending September 30, 2022			
	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	1,850 to 1,900	-	(125)	-
Cost of revenue	467 to 480	(30)	-	(2)
Operating expense	1,036 to 1,041	(40)	-	(148)
Income before provision for income taxes	338 to 373	70	(125)	150
Net income	220 to 242			
Number of shares used in computation:				
Diluted shares	281			

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

Currency Assumptions

Current FX assumptions^{1,2}

	USD/	FY22 Q1A	FY23 Q1A	FY23 Q2-Q4E
Net Bookings	EUR	1.20	1.08	1.02
	GBP	1.40	1.28	1.20
Operating Expenses	CAD	1.23	1.27	1.29
	SEK	8.46	9.67	10.22

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.

¹For FY22 Q1A and FY23 Q1A, FX rates are a simple average of EA's actual monthly P&L rates. For FY23 Q2-Q4E, the same FX rates are used for all forecast periods.

²For 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.
- We define EA’s player network as the number of active accounts used to play EA games and services on any platform over the preceding 12 months. We determine this operating metric by using internal company data. We also use information provided by third parties, including third party network logins provided by platform providers. While we believe that the operating metrics we report are reasonable estimates for the applicable period of measurement, there are inherent challenges in measuring how our games and services are played across large global populations. For example, while we seek to remove duplicate accounts in these metrics, we do not require players to use a common identifier or to link their accounts to play an EA game on console/PC and an EA game on their mobile device, or to play two or more EA games on a single mobile device. Therefore, a player that plays two of our games on a single mobile device or plays two of our games across different devices may be counted as two accounts. In addition, we evaluate our systems for false accounts, which represent user profiles that we believe are intended to be used for purposes that violate our terms of service, and remove them from our player network. From time to time, we may adjust the calculation for user activity or we may change our methodology.
- Forward-looking statements are valid as of August 2, 2022 only. Electronic Arts assumes no obligation to update these forward-looking statements, except required by law.