



Electronic Arts Inc. Q3 FY 2023 Results

January 31, 2023

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.

These forward-looking statements are current as of January 31, 2023. 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 December 31, 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 December 31, 2022.

Select Operating Highlights and Metrics

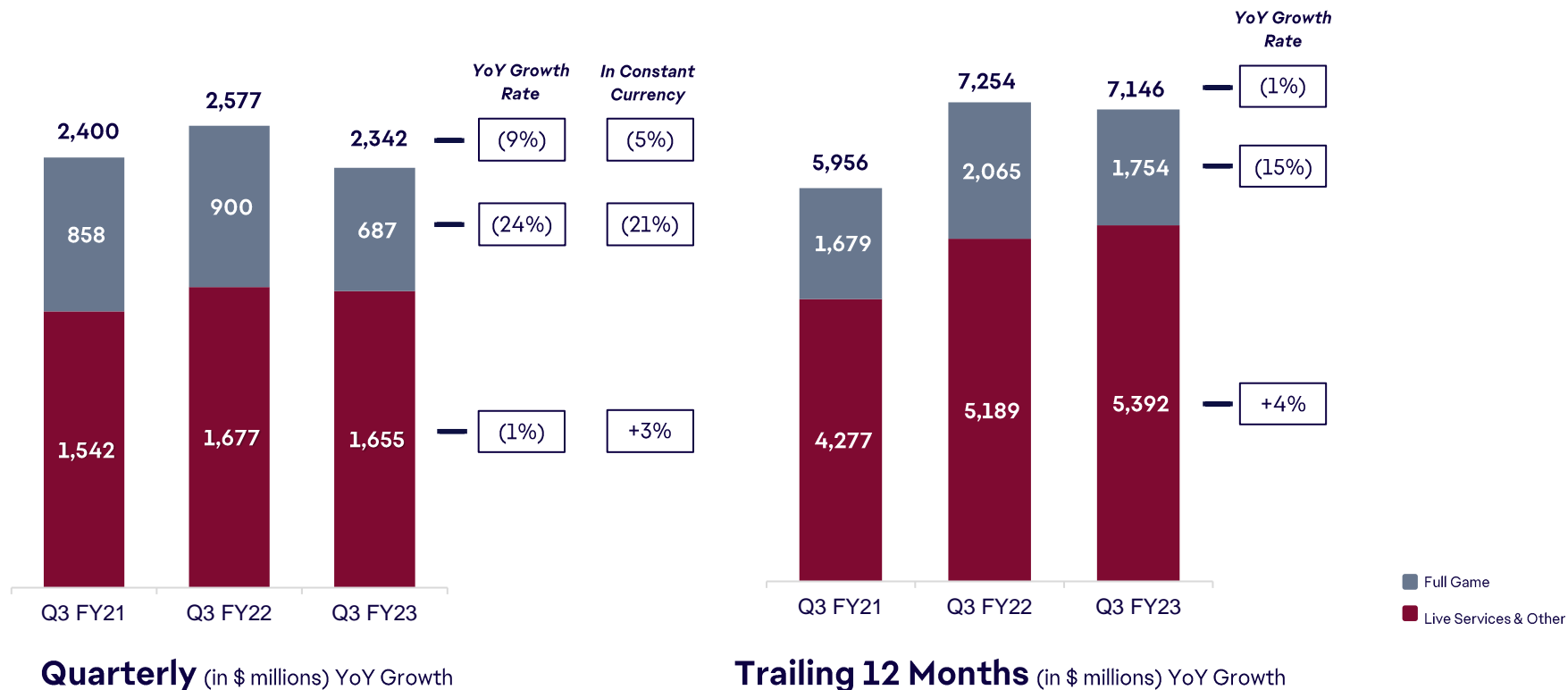
- Total net bookings for the trailing twelve months was \$7.146 billion, down 1%.
- Live services and other net bookings for the trailing twelve months were up 4% and represent 75% of total net bookings.
- The EA player network grew to 650 million at quarter end.
- Net cash provided by operating activities was \$1.377 billion for the trailing twelve months.

Q3 FY23 Key Business Drivers – Net Bookings

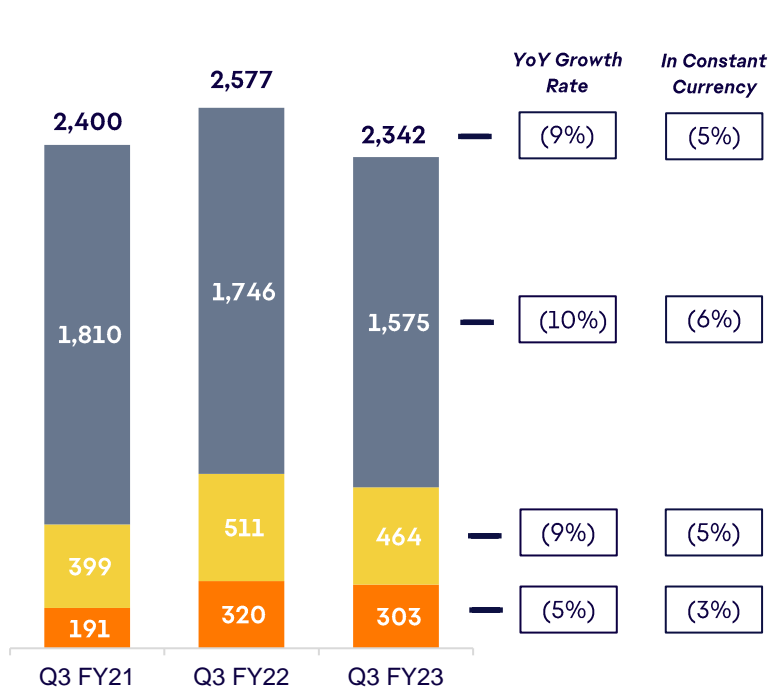
(in \$ millions)

Total net bookings	2,342	Down 5% in constant currency, driven largely by the Battlefield 2042 comp and Apex performance, offset by FIFA strength.
Live services & other	1,655	Up 3% in constant currency, driven by FIFA strength. FIFA Mobile and FIFA Online 4 saw rapid growth, up 91% and 112% at constant currency, respectively.
Full game	687	Down 21% in constant currency, driven by the Battlefield 2042 launch in the prior year period.

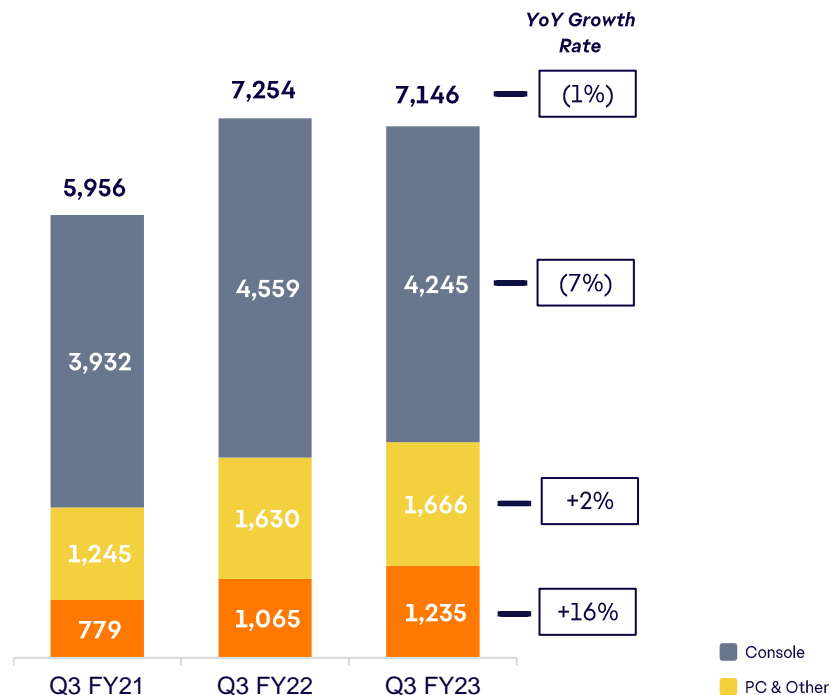
Net Bookings by Composition



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			
		Q3 2023	Q3 2022	Q3 TTM 2023	Q3 TTM 2022
Investing Cash Flow		(61)	(49)	(213)	(3,215)
Financing Cash Flow		(418)	(442)	(1,593)	(743)
Operating Cash Flow	A	1,123	1,534	1,377	1,826
Capital Expenditures	B	48	48	213	166
Free Cash Flow	A – B	1,075	1,486	1,164	1,660

Expanding, Diversified Portfolio of Live Services

Q3 FY23 Active Console/PC



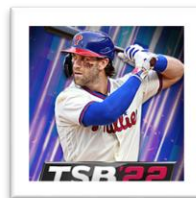
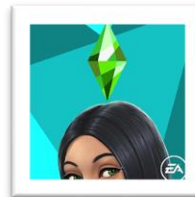
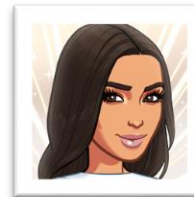
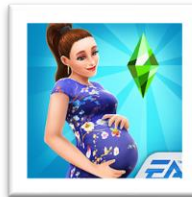
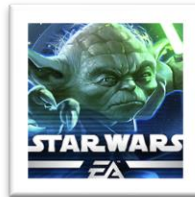
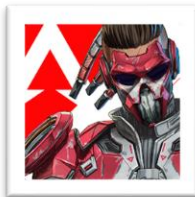
Building a Mobile Business Around Our Strong IP

Sports | Racing

Shooter

RPG

Casual | Lifestyle



FY23 Title Slate

Q1

F1 22

Q3

Need for Speed Unbound
NHL 23

Q2

FIFA 23
Madden NFL 23

Q4

Dead Space
PGA TOUR
Super Mega Baseball
Wild Hearts

- Titles are reflected in alphabetical order.
- Star Wars Jedi: Survivor will release on April 28, 2023 (Q1 FY24).

2022: Year in Gaming

Hundreds of millions of players around the world came together and connected through our games, live services and content last year.

A few notable highlights:

Global Community of New Players

24.9%

Europe

12.8%

North America

27.2%

Asia & Pacific

23.5%

South & Latin America

Engagement Highlights

32.6 billion goals scored
FIFA

1.4 billion hours played
Sims

243.2 million legends revived
Apex Legends Mobile

1.7 billion battles completed
Star Wars: Galaxy of Heroes

9.7 billion touchdowns
Madden

218.6 million races
F1

Q4 FY23 Guidance Notes

(\$ in millions, except EPS)

Q4E

Commentary

Net revenue

1,700 to 1,800

Cost of revenue

395 to 415

Lower cost of revenue driven by greater percentage of revenue from PC & console over mobile.

GAAP EPS

\$0.05 to \$0.20

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

Net bookings

1,675 to 1,775

Reflects the shift of Star Wars Jedi: Survivor to Q1 and updated expectations based on Q3 trends, in particular around launches of games in Q4.

Quarterly Guidance

The following table provides guidance for EA's Q4 FY23 financial performance. These preliminary estimates and expectations are based on current information as of January 31, 2023 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.

	Three 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	1,700 to 1,800	-	(25)	-
Cost of revenue	395 to 415	(25)	-	-
Operating expense	1,075 to 1,085	(35)	-	(140)
Income before provision for income taxes	235 to 304	60	(25)	140
Net income	14 to 55			
Number of shares used in computation:				
Diluted shares	277			

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

FY23 Guidance Notes

(\$ in millions, except EPS)

FY23E

Net revenue

7,252 to 7,352

Cost of revenue

1,739 to 1,759

GAAP EPS

\$2.97 to \$3.11

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

Operating cash flow

1,400 to 1,450

Net bookings

7,070 to 7,170

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 January 31, 2023 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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	Twelve Months Ending March 31, 2023			
	GAAP-Based Financial Data*			
	GAAP Guidance Range	Change in		
		Acquisition- related expenses	deferred net revenue (online- enabled games)	Stock-based compensation
(in \$ millions)				
Total net revenue	7,252 to 7,352	-	(182)	-
Cost of revenue	1,739 to 1,759	(120)	-	(5)
Operating expense	4,126 to 4,136	(167)	-	(541)
Income before provision for income taxes	1,380 to 1,449	287	(182)	546
Net income	828 to 869			
Number of shares used in computation:				
Diluted shares	279			

* 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 Q3A	FY23 Q3A	FY23 Q4E
Net Bookings	EUR	1.15	1.00	1.07
	GBP	1.35	1.14	1.21
Operating Expenses	CAD	1.26	1.36	1.35
	SEK	8.83	10.94	10.39

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 Q3A and FY23 Q3A, FX rates are a simple average of EA's actual monthly P&L rates. For FY23 Q4E, the same FX rates are used for all forecast periods.

²For all periods, FX rates are quoted using market convention.

Constant Currency Reconciliation

(\$ in millions)

Three Months Ended December 31, 2022

	Q3 2023 As Reported	Q3 2022 As Reported	Percentage Change YoY	Q3 2023 Constant Currency Impact	Percentage Change YoY Constant Currency
Full Game	687	900	(24%)	24	(21%)
Live Services & Other	1,655	1,677	(1%)	73	3%
Net Bookings	2,342	2,577	(9%)	97	(5%)

Constant Currency Reconciliation

(\$ in millions)

Three Months Ended December 31, 2022

	Q3 2023 As Reported	Q3 2022 As Reported	Percentage Change YoY	Q3 2023 Constant Currency Impact	Percentage Change YoY Constant Currency
Console	1,575	1,746	(10%)	68	(6%)
PC & Other	464	511	(9%)	21	(5%)
Mobile	303	320	(5%)	8	(3%)
Net Bookings	2,342	2,577	(9%)	97	(5%)

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 define new players as total unique accounts created and active in the analyzed time frame. We determine these operating metrics 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 or we may identify someone that has played one of our games previously as a “new player”. 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.
- From time to time, we make comparisons of current periods to prior periods with reference to constant currency. We evaluate our performance on a constant currency basis in order to facilitate period-to-period comparisons without regard to the impact of changing foreign currency exchange rates. To present constant currency information, the current period results are converted into United States dollars using the weighted average exchange rates from the comparative period rather than the actual rates in effect. Constant currency information is presented net of the impact of our foreign exchange hedging programs.
- Forward-looking statements are valid as of January 31, 2023 only. Electronic Arts assumes no obligation to update these forward-looking statements, except required by law.