

Electronic Arts Inc. Q4 and FY23 Results

May 9, 2023

Electronic Arts

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 2024 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 May 9, 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 Annual Report on Form 10-K for the fiscal year ended March 31, 2023. 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, 2023.

EA SPORTS FIFA 23 most successful franchise launch in history, surpassing life-time sales of EA SPORTS FIFA 22.

Live services sets new **all-time record net bookings** for Q4 and FY23

Life-to-date, Sims 4 player network has grown to **more than 70 million** worldwide

\$7.3B

Total TTM net bookings

\$5.5B

Live services TTM net bookings

\$1.6B

TTM net cash provided by operating activities

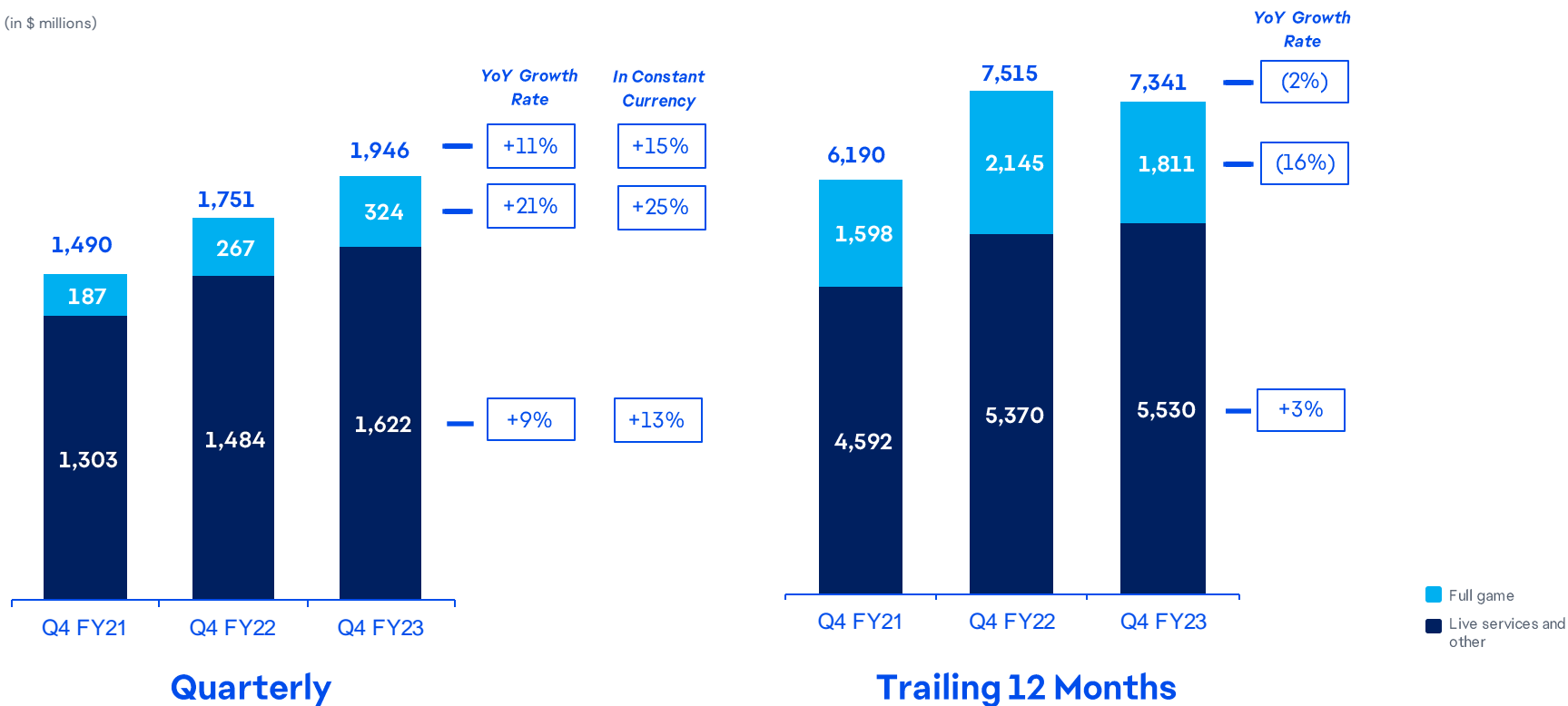
Net Bookings Results: Q4 FY23 Key Business Drivers

(in \$ millions)

Total net bookings	1,946	Up 11% year-over-year, 15% in constant currency, driven by record live services quarter and strength in full game.
Live services & other	1,622	Up 9% year-over-year, 13% in constant currency, as EA SPORTS FIFA live services delivered a record quarter.
Full game	324	Up 21% year-over-year, 25% in constant currency, driven by the new title releases.

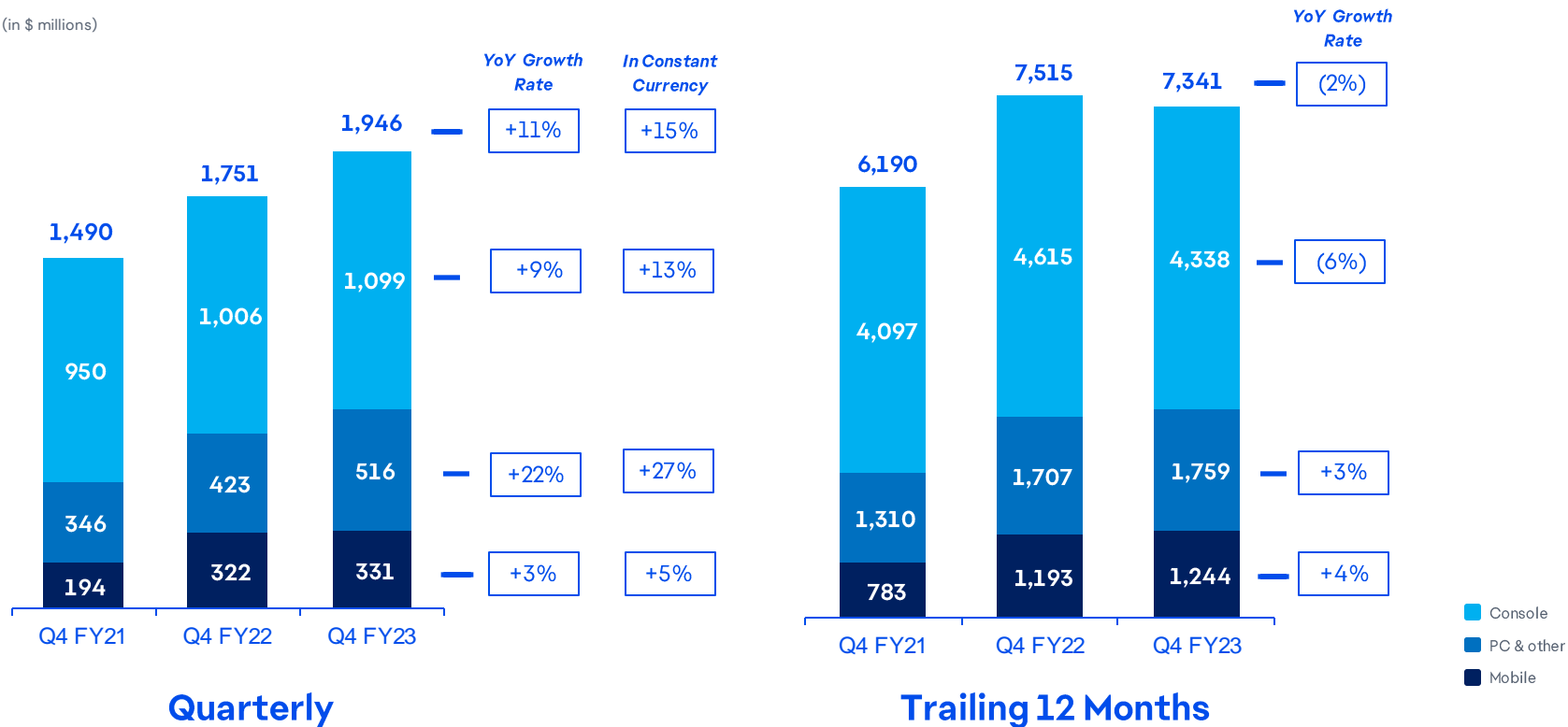
Net Bookings Results: Net Bookings by Composition

(in \$ millions)



Net Bookings Results: Net Bookings by Platform

(in \$ millions)



Cash Flow Selected Data

(in \$ millions)

		Actuals			
		Q4 2023	Q4 2022	Q4 TTM 2023	Q4 TTM 2022
Investing cash flow		(37)	(33)	(217)	(2,804)
Financing cash flow		(358)	(351)	(1,600)	(1,620)
Operating cash flow	A	617	444	1,550	1,899
Capital expenditures	B	47	53	207	188
Free cash flow	A – B	570	391	1,343	1,711

Massive Online Communities



EA SPORTS & RACING



Blockbusters & Original IP



Denotes new title releasing in FY24



Denotes annual full game release

FY24 Slate – Announced Titles

- **PGA Tour** (Launched April 7th, 2023)
- **Star Wars Jedi: Survivor** (Launched April 28th, 2023)
- **Lord of the Rings: Heroes of Middle Earth** (Mobile title, Q1 FY24)
- **Super Mega Baseball 4** (Q1 FY24)
- **F1** (Q1 FY24)
- **Immortals of Aveum** (Q2 FY24)
- **Madden 24** (Q2 FY24)
- **EAS FC** (Q2 FY24)
- **NHL 24** (Q3 FY24)

- Only announced titles are listed. Two unannounced games in FY24 are not captured above – one EA Sports title and one Racing title.
- Refer to appendix for additional disclosures.

The next chapter of the world's game



EA SPORTS fans will experience unrivaled authenticity with access to more than:

19,000

*Fully licensed
players*

700

Teams

30

Leagues

300+

*Global
football partners*

*Read more about our new EA SPORTS FC brand
in our press release [here](#).*

(\$ in millions, except EPS)

FY24E

Net revenue

7,300 to 7,700

Cost of revenue

1,670 to 1,750

Reflecting anticipated gross margin expansion driven by mix of revenue across royalty-bearing licenses, platform and digital.

GAAP EPS

\$3.30 to \$3.81

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

Operating cash flow

1,700 to 1,850

The business continues to be a strong generator of cash.

Net bookings

7,300 to 7,700

Driven by anticipated low single-digit growth for EA SPORTS FC, and our release of Star Wars Jedi: Survivor.

For FX, if rates remain unchanged, we expect a headwind of nearly 2 points for net bookings.

The following provides guidance for EA's Fiscal 2024 financial performance as of May 9, 2023. 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 and the appendix.

This information is also available in Excel format in our financial model at ir.ea.com.

	Twelve Months Ending March 31, 2024				
	GAAP-Based Financial Data*				
	GAAP	Acquisition-	Change in	Restructuring	Stock-based
	Guidance	related	deferred net	and related	compensation
	Range	expenses	revenue (online-enabled games)	charges	
(In \$ millions)					
Total net revenue	7,300 to 7,700	-	-	-	-
Cost of revenue	1,670 to 1,750	(65)	-	-	(5)
Operating expense	4,295 to 4,415	(95)	-	(25)	(635)
Income before provision for income taxes	1,346 to 1,551	160	-	25	640
Net income	915 to 1,055				
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.

(\$ in millions, except EPS)

Q1E

Commentary

Net revenue

1,825 to 1,925

Cost of revenue

350 to 370

GAAP EPS

\$0.98 to \$1.14

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

Net bookings

1,500 to 1,600

Up 15% to 23%, or up 19% to 27% in constant currency, primarily driven by full game sales of Star Wars Jedi: Survivor.

The following table provides guidance for EA's Q1 FY24 financial performance as of May 9, 2023. 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 and the appendix.

This information is also available in Excel format in our financial model at ir.ea.com.

	Three Months Ending June 30, 2023				
	GAAP-Based Financial Data*				
	GAAP	Acquisition-	Change in	Restructuring	Stock-based
	Guidance	related	deferred net	and related	compensation
	Range	expenses	revenue (online-enabled games)	charges	
(in \$ millions)					
Total net revenue	1,825 to 1,925	-	(325)	-	-
Cost of revenue	350 to 370	(20)	-	-	-
Operating expense	1,065 to 1,085	(25)	-	(20)	(140)
Income before provision for income taxes	410 to 479	45	(325)	20	140
Net income	271 to 316				
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.

Current FX assumptions^{1,2}

	USD/	FY22 Q4A	FY23 Q4A	FY24E
Net bookings	EUR	1.13	1.07	1.07
	GBP	1.35	1.22	1.21
Operating expenses	CAD	1.27	1.35	1.35
	SEK	9.21	10.33	10.34

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.

¹ For FY22 Q4A and FY23 Q4A, FX rates are a simple average of EA's actual monthly P&L rates. For FY24E, the same FX rates are used for all forecast periods.

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

Constant Currency

(in \$ millions)

Three Months Ended March 31, 2023

	Q4 2023 As Reported	Q4 2022 As Reported	Percentage Change YoY	Q4 2023 Currency Impact	Percentage Change YoY Constant Currency
Console	1,099	1,006	+9%	41	+13%
PC & other	516	423	+22%	22	+27%
Mobile	331	322	+3%	8	+5%
Net bookings	1,946	1,751	+11%	71	+15%

Constant Currency

(in \$ millions)

Twelve Months Ended March 31, 2023

	2023 As Reported	2022 As Reported	Percentage Change YoY	2023 Currency Impact	Percentage Change YoY Constant Currency
Full game	1,811	2,145	(16%)	56	(13%)
Live services & other	5,530	5,370	+3%	188	+6%
Net bookings	7,341	7,515	(2%)	244	+1%

Three Months Ended March 31, 2023

	Q4 2023 As Reported	Q4 2022 As Reported	Percentage Change YoY	Q4 2023 Currency Impact	Percentage Change YoY Constant Currency
Full game	324	267	+21%	10	+25%
Live services & other	1,622	1,484	+9%	61	+13%
Net bookings	1,946	1,751	+11%	71	+15%

Constant Currency – Net bookings guidance

(in \$ millions)

Twelve Months Ending March 31, 2024

	2024 As Guidance	2023 As Reported	Percentage Change YoY	Currency Impact	Percentage Change YoY Constant Currency
Low	7,300	7,341	(1%)	136	+1%
High	7,700	7,341	+5%	136	+7%

Three Months Ending June 30, 2023

	Q1 2024 As Guidance	Q1 2023 As Reported	Percentage Change YoY	Currency Impact	Percentage Change YoY Constant Currency
Low	1,500	1,299	+15%	45	+19%
High	1,600	1,299	+23%	45	+27%

- 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 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 (or the same game) 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, our actions may impact the period-by-period comparability of these metrics. For example, we may change our methodology or we may implement strategic decisions with respect to certain games and services, including sunseting titles.
- 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 (both historical and forward-looking), the current period results are converted into United States dollars using the weighted average exchange rates from the comparative period rather than the rates in effect. Constant currency information is presented net of the impact of our foreign exchange hedging programs.
- EA separately reports GAAP-based financial data that is used internally by management to adjust its GAAP financial measures in order to assess EA's operating results. In Q4 FY23 EA began including adjustments related to its restructuring plan, announced on March 29, 2023, focused on prioritizing investments aligned with the Company's growth opportunities and optimizing its real estate portfolio.
- Forward-looking statements are valid as of May 9, 2023 only. Electronic Arts assumes no obligation to update these forward-looking statements, except required by law.