



Prepared remarks
Q4 Fiscal 2023

STUART CANFIELD:

Thank you.

Welcome to EA's fourth quarter and fiscal year end 2023 earnings call. With me today are Andrew Wilson, our CEO, Chris Suh, our CFO, and Laura Miele, our COO.

Please note that our SEC filings and our earnings release are available at ir.ea.com. In addition, we have posted detailed earnings slides to accompany our prepared remarks. Lastly, after the call, we will post our prepared remarks, an audio replay of this call, and a transcript.

With regards to our calendar: our first quarter fiscal 2024 earnings call is scheduled for Tuesday, August 1st. As a reminder, we post the schedule of upcoming earnings calls for the fiscal year on our IR website.

This presentation and our comments include forward-looking statements regarding future events and the future financial performance of the Company. Actual events and results may differ materially from our expectations. We refer you to our most recent Form 10-Q for a discussion of risks that could cause actual results to differ materially from those discussed today. Electronic Arts makes these statements as of today, May 9th, 2023, and disclaims any duty to update them.

During this call, the financial metrics, with the exception of free cash flow, will be presented on a GAAP basis. All comparisons made in the course of this call are against the same period in the prior year unless otherwise stated.

Now, I'll turn the call over to Andrew.

ANDREW WILSON:

Thanks Stuart. I hope all of you are well.

I want to start by sharing how inspired and proud I am of our teams. Against macro uncertainty and constant change, we navigated the year with resilience and determination. Throughout fiscal year 2023, we showed the strength of our business, delivered for our players, and lived up to the promise of our values. To every employee across EA — thank you.

Over the fiscal year, we executed across our business — delivering high quality games, launching seven new releases, and providing over 450 content updates across 51 titles. Consumer appetite for interactive entertainment experiences is at an all-time high, and with our player network expanding to nearly 700 million, we delivered record engagement across some of our biggest franchises.

EA is leading the future of interactive entertainment in a dynamic industry where new audiences, new technology, and new media trends are reshaping the world around us. Consumption of sports and entertainment is accelerating, and media trends are evolving. We see these transformations as immense opportunities to do more amazing things for our people and our players.

As we look to the future, we're focused on delivering against three key strategies: building games and experiences that entertain massive online communities; creating blockbuster interactive storytelling; and amplifying the power of community in and around our games with social and creator tools. Executing these strategies across the modalities of play, watch, create and connect will lay the foundation for long-term growth as we write the next great chapter of EA's story.

Fiscal year 2023 was an amazing year for EA SPORTS FIFA with the entire ecosystem producing incredible results. Console, mobile, and PC — both premium and free to play — delivered double-digit growth in net bookings and FIFA 23 became the best-selling title in franchise history. Our interactive experiences are at the heart of global football culture and fandom, and are a testament to a strategy sharpened by 30 years of passion, creativity, and innovation.

Fiscal year 2024 stands to be another important year for EA SPORTS. We will build on the massive momentum in our global football ecosystem to deliver an expanded, enhanced experience for fans — EA SPORTS FC.

In April, we unveiled the brand identity and vision for EA SPORTS FC. By every measure, this was the biggest brand moment ever created at EA — reaching billions of potential players, generating thousands of media hits within days, and inspiring record positive sentiment amongst our players with the support of hundreds of partners, athletes, leagues, federations, and clubs. With EA SPORTS FC we are building a fan-first future for global football, and we cannot wait to share more in July.

Already the world's preeminent American football experience, Madden NFL delivered an extraordinary amount of content in and around the game in fiscal year 2023, driving deep engagement and becoming the best-selling title in this franchise's history on console and PC. Madden NFL 24 will build on this excitement, offering even more fun and immersive gameplay.

Our fourth quarter saw a resurgence in Apex Legends performance. Season 16, powered by massive game enhancements like a new class system, transformed the way core legends played. Our strong community of players responded favorably, lifting peak engagement more than 20 percent from the previous season. The resilience of Apex Legends reinforces its unique

position as an IP with the power to consistently entertain players as they play, watch, and compete in an evolving world. Throughout fiscal year 2023, Apex entertained an average 20 million monthly active users. This player loyalty is fueled by Respawn's ability to continuously expand and improve the player experience.

No other game in the industry celebrates creativity and individuality quite like the Sims. This diverse and passionate community has fueled imagination and championed self-expression since its launch in 2014 — growing to over 70 million players worldwide and counting. Our talented team at Maxis Studios is using the power of creation and connection to shape culture, developing new experiences for The Sims 4 to take entertainment to unimaginable heights.

To continually inspire the world to play, we are focused on blockbuster storytelling. Our history and leadership of bringing together culture defining IP with interactive entertainment creates incredible opportunities to build an unrivaled portfolio bolstered by powerful collaborations. These are fundamental ways to bring more players into our global network through the lasting power that only blockbusters can deliver.

Just eleven days ago, we delivered on this priority with the launch of Star Wars Jedi: Survivor. This incredible game has received widespread positive reviews, earned an 86 metacritic score on console, and has been called a 'Game of the Year' contender by multiple press outlets. Our dev teams are working with the community around some high-end PC specs, and beyond this, it has been a strong launch. Within the first few weeks, millions of players have joined Cal Kestis and BD-1 in their rebellion against the Empire.

Star Wars Jedi: Survivor is storytelling at its finest, which is central to the game's success and to our creative collaboration with The Walt Disney Company and Lucasfilm Ltd. The game is pure blockbuster entertainment and fans have embraced the story of our Jedi games as a central

part of the Star Wars saga, demonstrating how great interactive entertainment can grow and deepen the fandom of an incredibly powerful IP universe.

Games are the social networks of the future. To amplify the power of community, we are innovating across a set of social and creator tools in and around our games. Our strategy is to help players make new friends, build their social network, and create community.

These in-game social experiences were rolled out in FIFA 23. Among players that interacted with the new feature set, engagement increased over 150 percent. Our data shows these innovations are driving results in our business and confirm what we know to be true: having more friends and building stronger friendships in our network leads to more time spent playing and connecting. As a cornerstone of our priorities for growth, we will continue to implement these tools across our portfolio.

With a strong close to fiscal year 2023, we are executing on our core strategies, and our focused investments are positioned to drive results across our content and services pipeline. We remain committed to capturing our biggest opportunities and delivering long-term value in our business by doing more amazing things for our players and communities.

Now, I'll hand the call over to Chris to provide additional details on our business.

CHRIS SUH:

Thanks Andrew, and hello everyone.

Our fiscal year 2023 results again demonstrated the fundamental strength of our portfolio, the resiliency of our live services business model, and our ability to execute in a disciplined manner.

We again outgrew an uneven market, took decisive actions to sharpen our focus, and finished the year with a very strong fourth quarter performance.

Our fiscal year was highlighted by significant milestones across our portfolio. In the six months since launch, EA SPORTS FIFA 23 has surpassed life-time sales of EA SPORTS FIFA 22. Apex Legends continued to engage players around the world, and following our decision to make the base game free-to-enter in October, the Sims hit historic engagement highs with tens of millions of new players in the community.

Throughout the year, we continued to take deliberate actions to focus our company and align our business more closely with the strategic priorities that Andrew outlined, culminating with the actions we announced in late March to rationalize our games portfolio and optimize our real estate footprint. As a result, in the fourth quarter we recognized a charge of \$155 million, with remaining charges to be recognized during the first half of fiscal year 2024.

For the fourth quarter, net bookings were \$1.9 billion, up 11% or 15% in constant currency. Our results exceeded our expectations and reached a new fourth quarter high, driven by a record live services performance and strength in full game. EA SPORTS FIFA significantly outperformed as net bookings grew 31% year-over-year, or up 37% in constant currency. Apex Legends also delivered a stronger quarter than anticipated, as players returned for Season 16 and our 4th Anniversary collection event.

Our live services net bookings were \$1.6 billion, up 9% or 13% in constant currency, significantly outperforming our expectations as EA SPORTS FIFA live services delivered a record quarter. FIFA Ultimate Team net bookings grew 20% year-over-year, or up 26% in constant currency, and saw all-time high engagement. FIFA Online 4 was up 62%, or 71% in

constant currency. FIFA Mobile grew triple digits year-over-year and reached its first \$100 million dollar net bookings quarter.

Apex Legends saw improved performance following a competitive third quarter, rebounding to low single digit year-over-year growth in constant currency, and the Sims 4 exceeded expectations as a new expansion pack and free base game updates resonated with the growing community.

Our mobile business, excluding the strong FIFA Mobile results, stabilized and delivered in line with our expectations. Our strategy is focused on enhancing player experiences by connecting our largest brands across platforms, delivering blockbuster mobile experiences, and optimizing our portfolio for profitable long-term growth.

We delivered fourth quarter net revenue of \$1.9 billion, up 3% year-over-year.

Operating expenses were up 5%, excluding our fourth quarter restructuring charge. Our people costs increased as we continued to invest behind our portfolio, and we also saw higher marketing spend to support new releases. These increases were partially offset by prudent management of other variable spend.

Now let me talk about our full year performance.

Our net bookings were \$7.3 billion, down 2% or up 1% on a constant currency basis, outperforming uneven market conditions and industry headwinds in mobile.

Our net revenue was \$7.4 billion for the year and diluted EPS was \$2.88. We generated \$1.6 billion in operating cash flow and returned over \$1.5 billion to shareholders.

Now, let me turn to our outlook.

Our fiscal year 2024 outlook reflects many of the trends we saw in fiscal year 2023. We expect engagement across our portfolio to remain very healthy, and our highly re-occurring live services business to show great resilience again. We continue to operate in a competitive market with changing macro conditions, and as such, we will continue to be focused, deliberate and disciplined as we execute against our strategic priorities.

For FX, if rates remain unchanged, we expect a headwind of nearly 2 points for net bookings and 6 points for underlying profit growth, net of hedges, relative to last year.

We expect fiscal year 2024 net bookings to be \$7.3 to \$7.7 billion, roughly flat to up 5% YoY, or up 1% to 7% in constant currency, built on a strong foundation of our evergreen live services, growth in our massive online communities with the introduction of EA SPORTS FC, and blockbuster storytelling through Star Wars Jedi: Survivor. We expect EA SPORTS FC to deliver low single-digit net bookings growth, building on its momentum, growing again on top of a record fiscal year 2023.

We expect cost of revenue to be \$1.7 to \$1.8 billion, reflecting gross margin expansion driven by mix of revenue across royalty-bearing licenses, platform and digital.

We expect operating expenses to be \$4.3 to \$4.4 billion, with continued focused investments in our business to drive long-term growth.

As a result, we expect underlying profitability to grow faster than net bookings.

We expect operating cash flow of \$1.7 to \$1.9 billion and capital expenditures of around \$275 million, which would deliver free cash flow of about \$1.4 to \$1.6 billion. The business continues to be a strong generator of cash.

We expect to continue to repurchase stock under our current authorization, which expires in November 2024.

We expect fiscal 2024 net revenue to be \$7.3 to \$7.7 billion and earnings per share of \$3.30 to \$3.81.

Now moving to our outlook for our first quarter.

We anticipate net bookings for Q1 to be \$1.5 to \$1.6 billion, up 15% to 23%, or up 19% to 27% in constant currency, primarily driven by full game sales of Star Wars Jedi: Survivor.

For the first quarter, we expect net revenue of \$1.8 to \$1.9 billion, cost of revenue to be \$350 to \$370 million, and operating expenses of approximately \$1.07 to \$1.09 billion, resulting in earnings per share of \$0.98 to \$1.14.

Our business is in a strong position, propelled by strong brands, massive online communities, blockbuster storytelling and evergreen live services. Our efforts over the last year to align our teams more closely with our key priorities has led to a more focused scope of work, which will help us deliver on our multi-year growth aspirations.

Now, I'll hand it back to Andrew.

ANDREW WILSON:

Thanks, Chris.

Interactive entertainment is at an inflection point. The industry is expanding — the number of players is expected to grow significantly over the coming years. The audience is becoming more diverse, with cultural and generational trends accelerating content consumption. Engaging this expanding player base means reaching them on devices everywhere through disruptive technologies. For EA, these transformations represent opportunities to grow — today and over the long-term.

We have the best talent in the industry to execute against our long-term strategy. It's through their passion and creativity that we will continue to deliver on our mission to inspire the world to play. We are focused on bringing more amazing games to more people around the world, inspiring them to build community, celebrate shared fandom, and have joyful experiences.

The future of entertainment is interactive, and no team is better equipped to lead this transformation than EA.

Now, Chris, Laura and I are here for your questions.

Forward-Looking Statements

Some statements set forth in this document, including the information relating to EA's financial guidance, title slate and other expectations 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 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 Electronic Arts’ Annual Report on Form 10-K, filed on May 25, 2022.

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 in this release 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.