

# Electronic Arts Inc. Q2 FY24 Results

November 1, 2023



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# 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 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, including our Annual Report on Form 10-K for the fiscal year ended March 31, 2023.

These forward-looking statements are current as of November 1, 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 September 30, 2023. 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 September 30, 2023.

# Select Q2 FY24 Highlights

**+4%**

Total Net Bookings  
Growth YoY



**\$5.6B**

Live Services TTM  
Net Bookings



**+6%**

EA SPORTS Madden NFL  
Net Bookings YoY

**\$7.7B**

Total TTM Net Bookings

**73%**

Live Services Percent  
of TTM Net Bookings

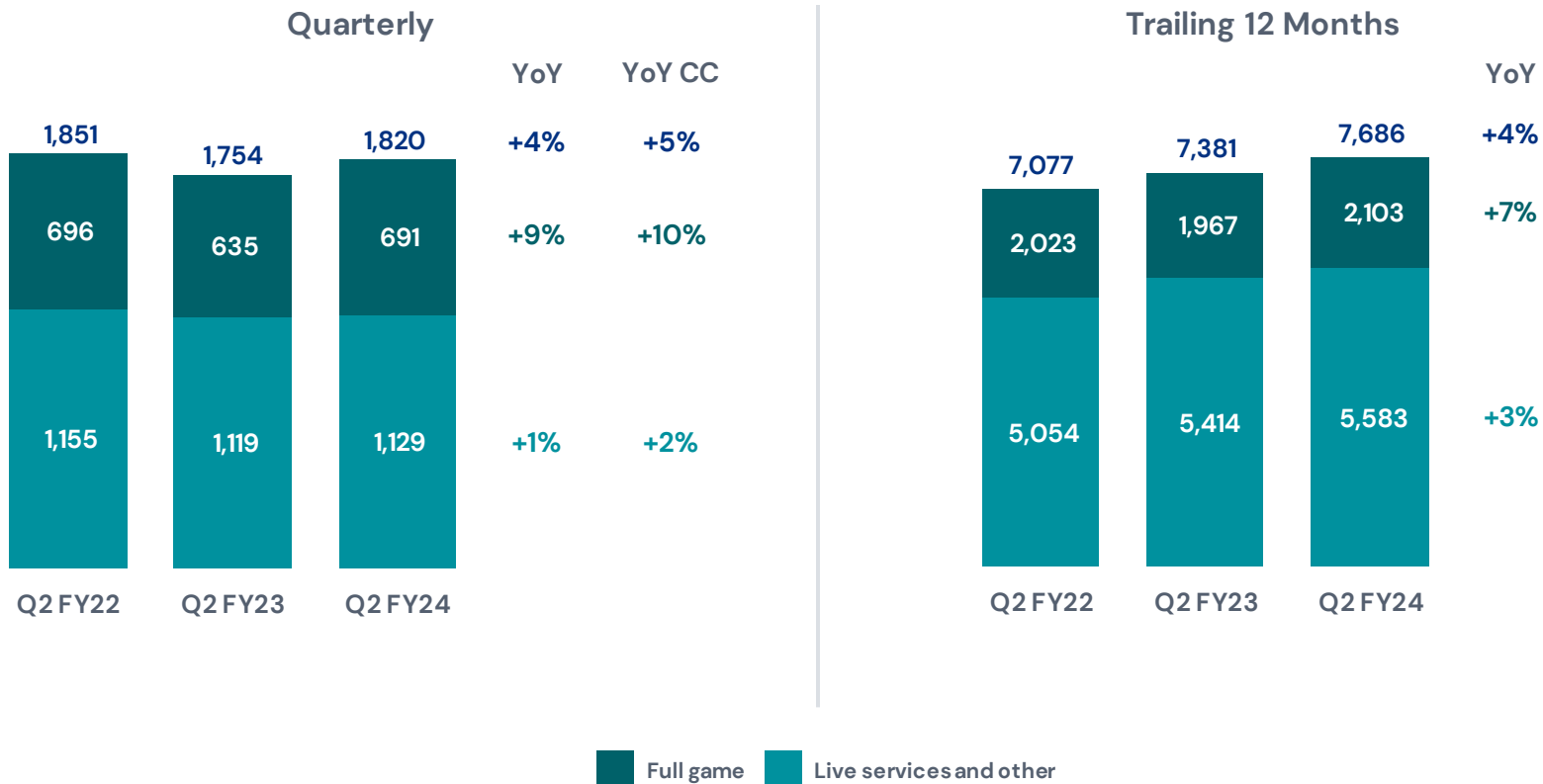
**\$2.2B**

TTM Operating Cash Flow



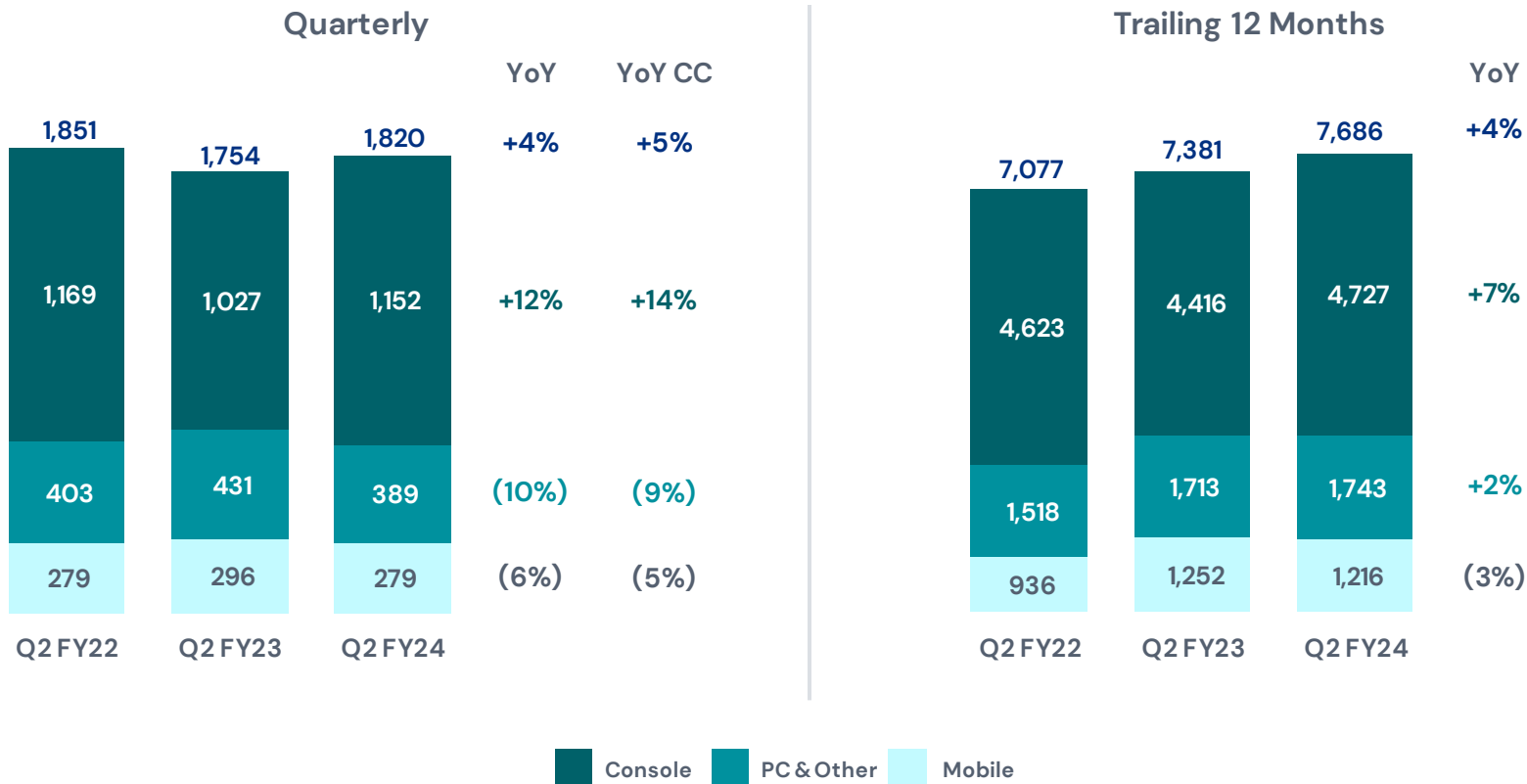
# Net Bookings by Composition

(in \$ millions)



# Net Bookings by Platform

(in \$ millions)



Console PC & Other Mobile

Electronic Arts

Refer to Appendix for additional disclosures, including constant currency ("CC")

# Existing Live Services and FY24 Title Slate

## Massive Online Communities



## Blockbusters & Original IP



## EA SPORTS



- Denotes annual full game release
- Denotes new title release in FY24

## FY24: Announced Titles

- EA SPORTS PGA TOUR (launched Apr 7)
- Star Wars Jedi: Survivor (launched Apr 28)
- The Lord of the Rings: Heroes of Middle Earth (launched May 10)
- EA SPORTS Super Mega Baseball 4 (launched Jun 2)
- EA SPORTS F1 23<sup>®</sup> (launched Jun 16)

- EA SPORTS Madden NFL 24 (launched Aug 18)
- Immortals of Aveum (launched Aug 22)
- EA SPORTS FC 24 (launched Sep 29)

- EA SPORTS NHL 24 (launched Oct 6)
- EA SPORTS UFC 5 (launched Oct 27)
- EA SPORTS WRC 23 (Nov 3)

# Q3 and FY24 Guidance

(in \$ millions, except EPS)

	Q3 FY24E	FY24E
<b>Net Revenue</b>	<b>1,825 to 2,025</b>	<b>7,300 to 7,700</b>
<b>Cost of Revenue</b>	<b>495 to 535</b>	<b>1,670 to 1,750</b>
<b>GAAP EPS</b>	<b>\$0.75 to \$1.01</b>	<b>\$4.10 to \$4.66</b>
<b>Operating Cash Flow</b>	<b>n/a</b>	<b>1,950 to 2,100</b>
<b>Net Bookings</b>	<b>2,250 to 2,450</b>	<b>7,300 to 7,700</b>

*Note: Our EPS guidance calculation does not factor in future share repurchases*



# Environmental, Social, & Governance Highlights and Commitments

2023 Impact Report

**3 years of  
consistent growth**

in underrepresented talent in  
executive (VP+) roles

**\$6.8M and 11,700  
volunteer hours**

investing in communities  
through social impact  
programs

Set our ambition to be  
**carbon neutral by  
2027**

**Continued increase  
in company-wide  
representation**

among women and  
underrepresented talent

Continued leadership in  
**Inclusive Design**

**APEX**  
— LEGENDS —

**DEAD  
SPACE**

**The  
SIMS4**

**6 patents**

added to our accessibility  
patent pledge

# Appendix

Guidance Details

Cash Flow Selected Data

Currency Assumptions

Constant Currency Reconciliation

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# Guidance Details: FY24

The following provides guidance for EA's Fiscal 2024 financial performance as of November 1, 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, 2023.

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, 2024				
	GAAP-Based Financial Data*				
(in \$ millions)	GAAP Guidance Range	Acquisition-related experiences	Change in deferred net revenue (online-enabled games)	Restructuring and related charges	Stock-based compensation
Total net revenue	7,300 to 7,700	-	-	-	-
Cost of revenue	1,670 to 1,750	(65)	-	-	(5)
Operating expense	4,213 to 4,333	(95)	-	(3)	(595)
Income before provision for income taxes	1,462 to 1,664	160	-	3	600
Net income	1,118 to 1,273				
Number of shares used in computation:					
Diluted shares	273				

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

# Guidance Details: Q3 FY24

The following provides guidance for EA's Q3 Fiscal 2024 financial performance as of November 1, 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, 2023.

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

	Three Months Ending December 31, 2023				
	GAAP-Based Financial Data*				
(in \$ millions)	GAAP Guidance Range	Acquisition-related experiences	Change in deferred net revenue (online-enabled games)	Restructuring and related charges	Stock-based compensation
Total net revenue	1,825 to 2,025	-	425	-	-
Cost of revenue	495 to 535	(15)	-	-	-
Operating expense	1,050 to 1,110	(25)	-	-	(155)
Income before provision for income taxes	286 to 387	40	425	-	155
Net income	203 to 275				
Number of shares used in computation:					
Diluted shares	272				

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

# Cash Flow Selected Data

(in \$ millions)

	Actuals			
	Q2 2024	Q2 2023	TTM Q2 2024	TTM Q2 2023
<b>Operating Cash Flow</b>	<b>112</b>	<b>(112)</b>	<b>2,211</b>	<b>1,788</b>
Capital Expenditures	51	53	191	213
<b>Free Cash Flow</b>	<b>61</b>	<b>(165)</b>	<b>2,020</b>	<b>1,575</b>
<b>Investing Cash Flow</b>	<b>(63)</b>	<b>(54)</b>	<b>(205)</b>	<b>(201)</b>
<b>Financing Cash Flow</b>	<b>(351)</b>	<b>(348)</b>	<b>(1,609)</b>	<b>(1,617)</b>

# Currency Assumptions

Current FX assumptions <sup>1,2</sup>	USD/	Q2 2023	Q2 2024	Q3-Q4E 2024
<b>Net Bookings</b>	EUR	<b>1.02</b>	<b>1.09</b>	<b>1.05</b>
	GBP	<b>1.20</b>	<b>1.27</b>	<b>1.21</b>
<b>Operating Expenses</b>	CAD	<b>1.29</b>	<b>1.33</b>	<b>1.35</b>
	SEK	<b>10.39</b>	<b>10.72</b>	<b>11.02</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 FY23 Q2A and FY24 Q2A, FX rates are a simple average of EA's actual monthly P&L rates. For FY24 Q3-Q4E, the same FX rates are used for all forecast periods.

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

# Constant Currency Reconciliation – Net Bookings Guidance

(in \$ millions)

	Q3 2024 As Guidance	Q3 2023 As Reported	Percentage Change YoY	Currency Impact	Percentage Change YoY Constant Currency
Low	2,250	2,342	(4%)	38	(2%)
High	2,450	2,342	+5%	38	+6%

	2024 As Guidance	2023 As Reported	Percentage Change YoY	Currency Impact	Percentage Change YoY Constant Currency
Low	7,300	7,341	(1%)	126	+1%
High	7,700	7,341	+5%	126	+7%

# Constant Currency Reconciliation – Net Bookings

(in \$ millions)

	Q2 2024 As Reported	Q2 2023 As Reported	Percentage Change YoY	Q2 2024 Currency Impact	Percentage Change YoY Constant Currency
Console	1,152	1,027	+12%	8	+14%
PC & other	389	431	(10%)	8	(9%)
Mobile	279	296	(6%)	2	(5%)
<b>Net Bookings</b>	<b>1,820</b>	<b>1,754</b>	<b>+4%</b>	<b>18</b>	<b>+5%</b>

	Q2 2024 As Reported	Q2 2023 As Reported	Percentage Change YoY	Q2 2024 Currency Impact	Percentage Change YoY Constant Currency
Full game	691	635	+9%	3	+10%
Live services & other	1,129	1,119	+1%	15	+2%
<b>Net Bookings</b>	<b>1,820</b>	<b>1,754</b>	<b>+4%</b>	<b>18</b>	<b>+5%</b>



# Additional Disclosures

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.

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Forward-looking statements are valid as of November 1, 2023 only. Electronic Arts assumes no obligation to update these forward-looking statements, except required by law.