

Electronic Arts Inc. Q4 and FY24 Results

May 7, 2024

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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 2025 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 and trends; 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 May 7, 2024. 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, 2024. 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, 2024.



Select FY24 Highlights



Our global football franchise
grew net bookings by
high-teens percent in FY24

\$5.4B

Live Services
Net Bookings in FY24
73% of total net bookings

Apex Legends **\$3.4B** in
lifetime net bookings

\$7.4B

Total net bookings
+1% year over year in FY24

New stock repurchase
program of **\$5B** over 3 years

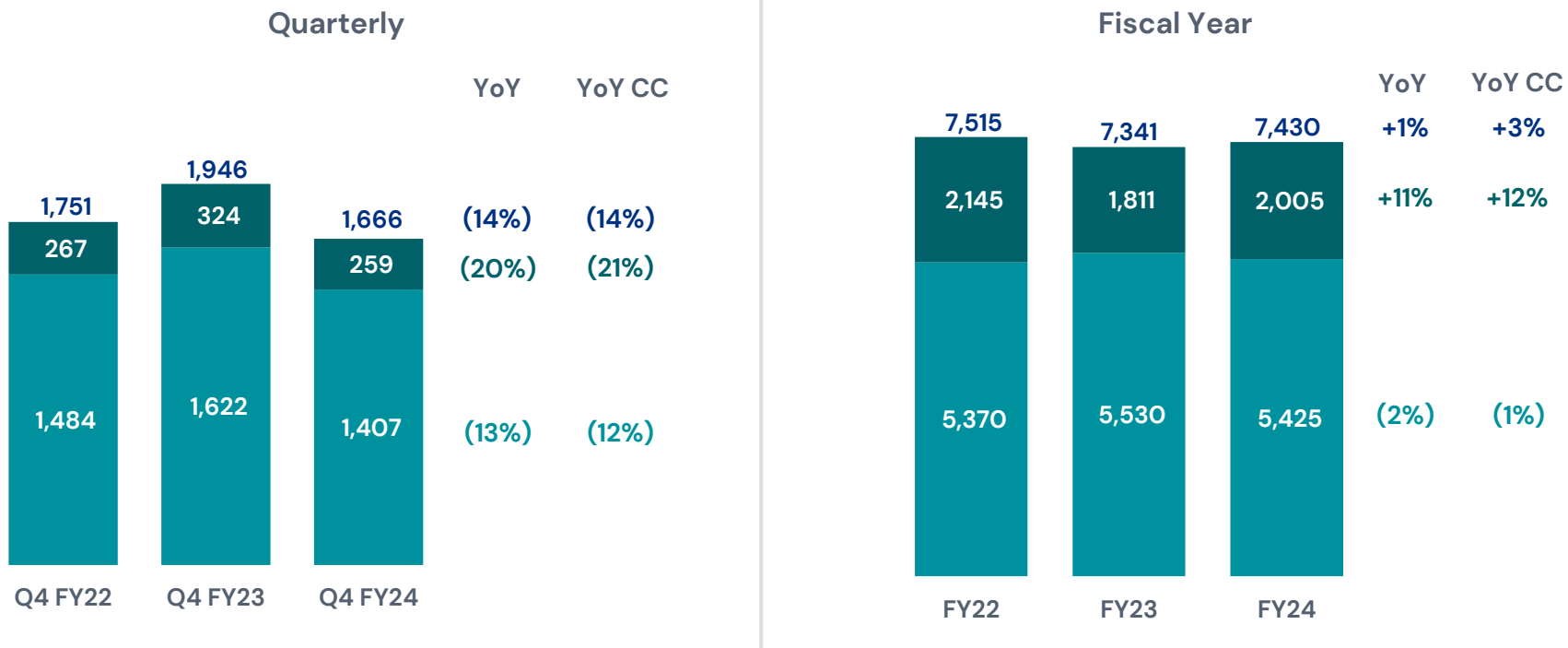
\$2.3B

Record Fiscal Year Operating
Cash Flow



Net Bookings by Composition

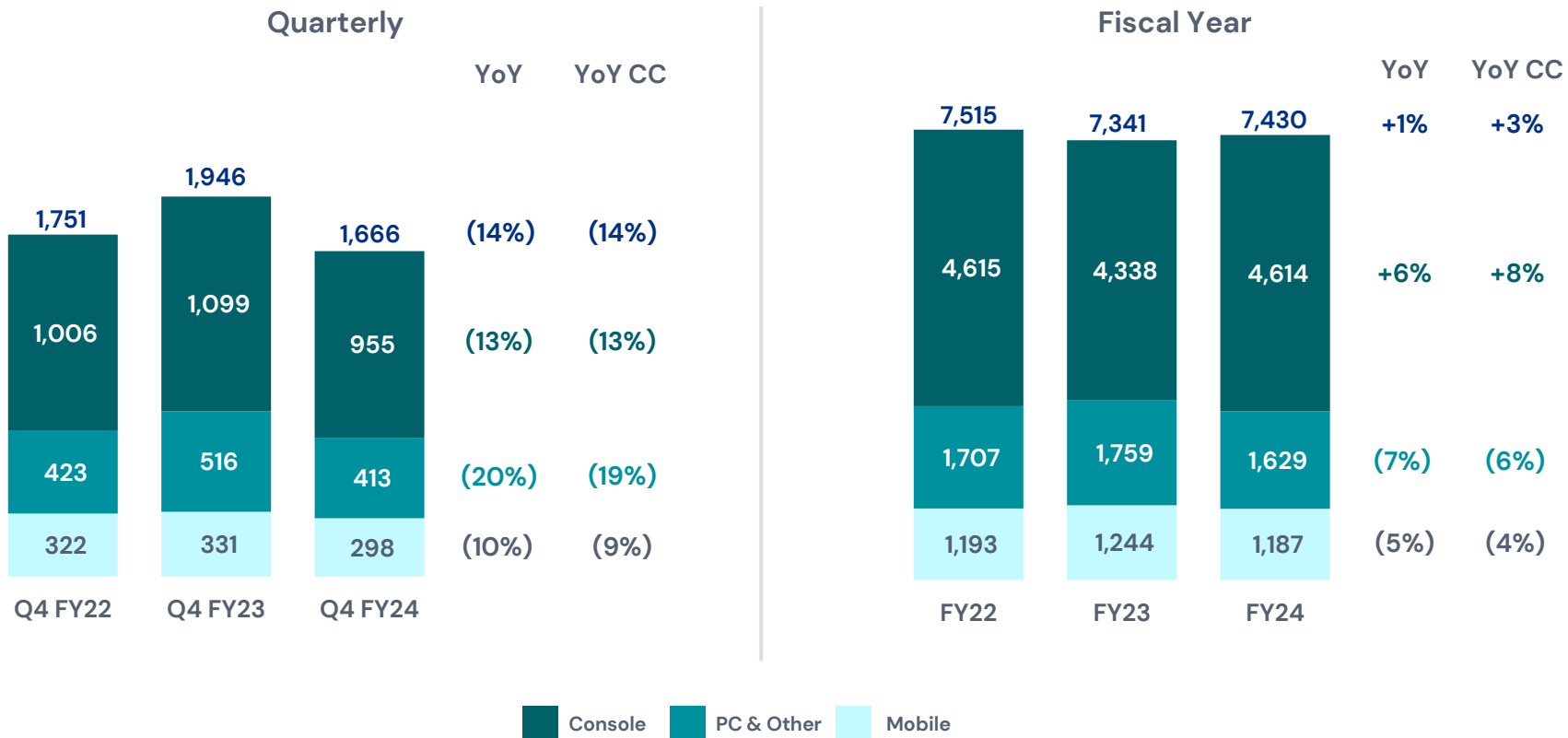
(in \$ millions)



Full game
 Live services and other

Net Bookings by Platform

(in \$ millions)



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

Core Business and FY25 Title Slate

Ecosystems



New Releases in FY25*

Q1	Q2
Tales of Kenzera™: ZAU (Apr 23) EA SPORTS F1 24® (May 31)	EA SPORTS College Football 25 EA SPORTS Madden NFL 25 EA SPORTS FC 25
Q3	Q4
EA SPORTS NHL 25	Partner title

** We have two unannounced titles in FY25: one partner title expected in Q4, and one owned IP title, which is not included in the above table. We expect to provide more details on timing at a later date.*



FY24 Actuals, Q1 & FY25 Guidance

(in \$ millions, except EPS)

	FY24A	FY25E	Q1 FY25E
Net Revenue	7,562	7,100 to 7,500	1,575 to 1,675
Cost of Revenue	1,710	1,480 to 1,520	240 to 250
GAAP EPS	\$4.68	\$3.34 to \$4.00	\$0.73 to \$0.90
Operating Cash Flow	2,315	2,050 to 2,250	--
GAAP Operating Margin	20.1%	18.0% to 20.6%	17.1% to 20.3%
Non-GAAP Operating Margin	31.5%	29.6% to 31.7%	--
<i>Impact of GAAP Deferrals</i>	<i>(120) bps</i>	<i>200 bps to 170 bps</i>	<i>--</i>

*Note: Our EPS guidance calculation does not factor in future share repurchases.
Non-GAAP Operating Margin calculated as a % of GAAP Net Revenue.*

Net Bookings	7,430	7,300 to 7,700	1,150 to 1,250
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GAAP to Non-GAAP Reconciliation: FY24 Actuals

	Twelve Months Ended March 31, 2024					Change in deferred net revenue (online-enabled games) ¹
	A	B	C	D	=A+B+C+D	
	GAAP ¹	Acquisition-related expenses ¹	Restructuring and related charges ¹	Stock-based compensation ¹	Non-GAAP	
(in \$ millions)						
Net revenue	7,562	-	-	-	7,562	(132)
Cost of revenue	1,710	(76)	-	(8)	1,626	-
Operating expense	4,334	(142)	(64)	(576)	3,552	-
Operating margin	20.1%	290 bps	80 bps	770 bps	31.5%	(120) bps
Income before provision for income taxes	1,589	218	64	584	2,455	(132)
Net income ²	1,273					
Number of shares used in computation:						
Diluted shares	272					

¹GAAP-Based Actual Financial Data.

²The Company uses a tax rate of 19% internally to evaluate its operating performance and to forecast, plan and analyze future periods.



GAAP to Non-GAAP Reconciliation: FY25 Guidance

	Twelve Months Ending March 31, 2025					Change in deferred net revenue (online-enabled games) ¹
	A	B	C	D	=A+B+C+D	
	GAAP Guidance Range ¹	Acquisition-related expenses ¹	Restructuring and related charges ¹	Stock-based compensation ¹	Non-GAAP Guidance Range	
(in \$ millions)						
Net revenue	7,100 to 7,500	-	-	-	7,100 to 7,500	200
Cost of revenue	1,480 to 1,520	(40)	-	(10)	1,430 to 1,470	-
Operating expense	4,345 to 4,435	(70)	(95)	(615)	3,565 to 3,655	-
Operating margin	18.0% to 20.6%	150 bps	130 bps	860 bps	29.6% to 31.7%	200 bps to 170 bps
Income before provision for income taxes	1,329 to 1,596	110	95	625	2,159 to 2,426	200
Net income ²	904 to 1,085					
Number of shares used in computation:						
Diluted shares	271					

¹GAAP-Based Financial Data – the mid-point of the range has been used for purposes of presenting the reconciling items.

²The Company uses a tax rate of 19% internally to evaluate its operating performance and to forecast, plan and analyze future periods.



Q1 FY25 Guidance

Three Months Ending June 30, 2024

	GAAP Guidance Range ¹	Acquisition-related expenses ¹	Change in deferred net revenue (online-enabled games) ¹	Restructuring and related charges ¹	Stock-based compensation ¹
(in \$ millions)					
Net revenue	1,575 to 1,675	-	(425)	-	-
Cost of revenue	240 to 250	(10)	-	-	(5)
Operating expense	1,065 to 1,085	(20)	-	(65)	(135)
Income before provision for income taxes	290 to 357	30	(425)	65	140
Net income ²	197 to 243				
Number of shares used in computation:					
Diluted shares	270				

¹GAAP-Based Financial Data - the mid-point of the range has been used for purposes of presenting the reconciling items.

²The Company uses a tax rate of 19% internally to evaluate its operating performance and to forecast, plan and analyze future periods.



Appendix

Cash Flow Selected Data

Currency Assumptions

Constant Currency Reconciliation

Additional Disclosures

Non-GAAP Financial Measures



Cash Flow Selected Data

(in \$ millions)

	Actuals			
	Q4 2024	Q4 2023	TTM Q4 2024	TTM Q4 2023
Operating Cash Flow	580	617	2,315	1,550
Capital Expenditures	51	47	199	207
Free Cash Flow	529	570	2,116	1,343
Investing Cash Flow	(49)	(37)	(207)	(217)
Financing Cash Flow	(360)	(358)	(1,624)	(1,600)



Free cash flow is defined as operating cash flow minus capital expenditures. Management believes free cash flow is a useful measure of the company's ability to generate cash.

Currency Assumptions

Current FX assumptions ^{1,2}	USD/	Q4 2023	Q4 2024	FY 2025E
Net Bookings	EUR	1.07	1.09	1.08
	GBP	1.22	1.27	1.26
Operating Expenses	CAD	1.35	1.34	1.36
	SEK	10.33	10.26	10.61

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 FY23 Q4A and FY24 Q4A, FX rates are a simple average of EA's actual monthly P&L rates. For FY25E, the same FX rates are used for all forecast periods.

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



Constant Currency Reconciliation – Net Bookings Guidance

(in \$ millions)

	2025 As Guidance	2024 As Reported	Percentage Change YoY	Currency Impact	Percentage Change YoY Constant Currency
Low	7,300	7,430	(2%)	(8)	(2%)
High	7,700	7,430	+4%	(8)	+4%

	Q1 2025 As Guidance	Q1 2024 As Reported	Percentage Change YoY	Currency Impact	Percentage Change YoY Constant Currency
Low	1,150	1,578	(27%)	1	(27%)
High	1,250	1,578	(21%)	1	(21%)



Constant Currency Reconciliation – Net Bookings (FY)

(in \$ millions)

	2024 As Reported	2023 As Reported	Percentage Change YoY	2024 Currency Impact	Percentage Change YoY Constant Currency
Console	4,614	4,338	+6%	48	+8%
PC & other	1,629	1,759	(7%)	35	(6%)
Mobile	1,187	1,244	(5%)	11	(4%)
Net Bookings	7,430	7,341	+1%	94	+3%

	2024 As Reported	2023 As Reported	Percentage Change YoY	2024 Currency Impact	Percentage Change YoY Constant Currency
Full game	2,005	1,811	+11%	16	+12%
Live services & other	5,425	5,530	(2%)	78	(1%)
Net Bookings	7,430	7,341	+1%	94	+3%



Numbers above may not foot due to rounding and calculation methodologies.

Constant Currency Reconciliation – Net Bookings (Q4)

(in \$ millions)

	Q4 2024 As Reported	Q4 2023 As Reported	Percentage Change YoY	Q4 2024 Currency Impact	Percentage Change YoY Constant Currency
Console	955	1,099	(13%)	4	(13%)
PC & other	413	516	(20%)	7	(19%)
Mobile	298	331	(10%)	3	(9%)
Net Bookings	1,666	1,946	(14%)	14	(14%)

	Q4 2024 As Reported	Q4 2023 As Reported	Percentage Change YoY	Q4 2024 Currency Impact	Percentage Change YoY Constant Currency
Full game	259	324	(20%)	(1)	(21%)
Live services & other	1,407	1,622	(13%)	15	(12%)
Net Bookings	1,666	1,946	(14%)	14	(14%)



Numbers above may not foot due to rounding and calculation methodologies.

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.

EA, EA SPORTS, EA SPORTS FC, Battlefield, Need for Speed, Apex Legends, The Sims, Titanfall, and Plants vs. Zombies are trademarks of Electronic Arts Inc. John Madden, NFL, FIFA and F1 are the property of their respective owners and used with permission.

Forward-looking statements are valid as of May 7, 2024 only. Electronic Arts assumes no obligation to update these forward-looking statements, except required by law.



Non-GAAP Financial Measures

As a supplement to the Company's financial measures presented in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), the Company presents certain non-GAAP measures of financial performance, including non-GAAP operating income, non-GAAP operating margin, and free cash flow. These non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. In addition, these non-GAAP measures have limitations in that they do not reflect all of the items associated with the Company's results of operations as determined in accordance with GAAP. These non-GAAP financial measures do not reflect a comprehensive system of accounting and differ from GAAP measures with the same names and may differ from non-GAAP financial measures with the same or similar names that are used by other companies.

The non-GAAP financial measures exclude acquisition-related expenses, stock-based compensation, restructuring and related charges, and capital expenditures as applicable in any given reporting period and our outlook. The Company may consider whether other significant items that arise in the future should be excluded from our non-GAAP financial measures. Management believes that these non-GAAP financial measures provide investors with additional useful information to better understand and evaluate the Company's operating results and future prospects because they exclude certain items that may not be indicative of the Company's core business, operating results, or future outlook. These non-GAAP financial measures with further adjustments, are used by management to understand ongoing financial and business performance.

The Company uses a tax rate of 19% internally to evaluate its operating performance and to forecast, plan and analyze future periods. Accordingly, the Company applies the same tax rate to its management reporting financial results.

Investors are encouraged to review the related GAAP financial measures and the reconciliation of non-GAAP financial measures to their most directly comparable GAAP financial measure.

