



Electronic Arts Inc. Q3 FY 2022 Results

February 1, 2022

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 2022 guidance information and title slate and fiscal 2023 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: the impact of the COVID-19 pandemic; 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; general economic 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, 2021.

These forward-looking statements are current as of February 1, 2022. 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, 2021. 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, 2021.

Q3 FY22 Highlights

- This quarter was our **largest** in the company's history for:
 - Net bookings
 - Underlying profitability
 - Cash generation
- Net bookings in our EA SPORTS portfolio have grown nearly **10%** year to date compared to FY21.
- EA SPORTS FIFA 22 was the **#1** highest selling title in the western world during calendar 2021.
- Madden NFL 22 was the **#1** highest selling sports title in the U.S. during the holiday period, and the **#3** highest selling game in the U.S. during calendar 2021.

Q3 FY22 Highlights

- The EA player network has grown to more than **540** million unique active accounts over the last year.
- More than **180** million monthly active accounts on average engaged in our games across all platforms during FY22.
- Apex Legends monthly active players were up more than **30%** year-over-year at quarter end.
- Players are spending nearly **20%** more time in our games in FY22 compared to the previous year.

Financial Summary

Q3 FY22 (\$ in millions, except EPS)

Actuals

Guidance

Net revenue	1,789	1,750
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Operating expenses	1,056	1,100
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GAAP EPS	0.23	0.02
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GAAP net revenue overperformance was driven by our portfolio of live services.

GAAP operating expenses came in below our expectations for the quarter but were up year-over-year primarily due to the incorporation of completed acquisitions as well as increased marketing spend to support our recent launches.

See following slides for further commentary on business drivers.

Key Business Drivers – Net bookings

(in \$ millions)

Q3 FY22 Total net bookings **2,577**

FIFA 22's strong start continued into this quarter, with unit sales now up double-digits over last year, launch-to-date, and players continued to engage in FIFA Ultimate Team and invest in their teams. This has made it the strongest FIFA launch ever measured from launch to the end of Q3.

Live services & other **1,677**

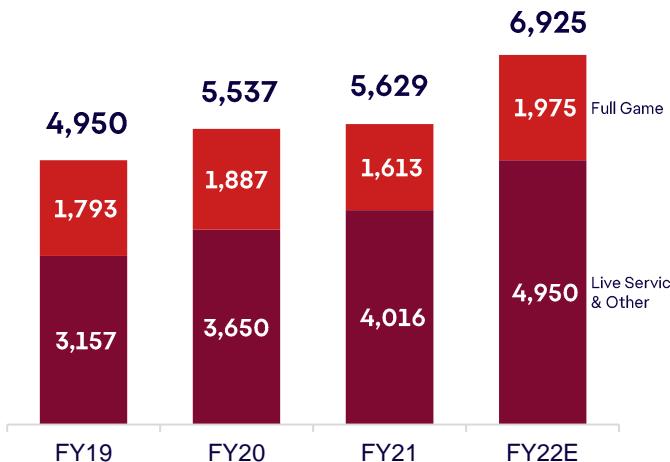
YoY growth driven by the addition of GLU Mobile and Playdemic, and the exceptional growth of Apex Legends.

Full game **900**

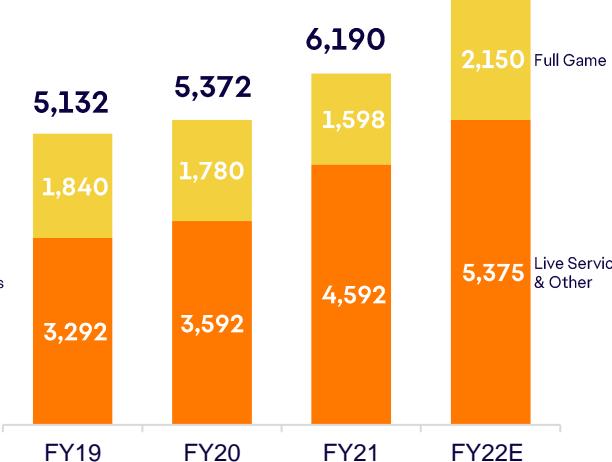
64% of units sold through are now digital rather than physical compared to 62% in the prior year period, measured on Xbox One/X/S, PlayStation 4/5 over the last twelve months.

Growth: Topline to Cash

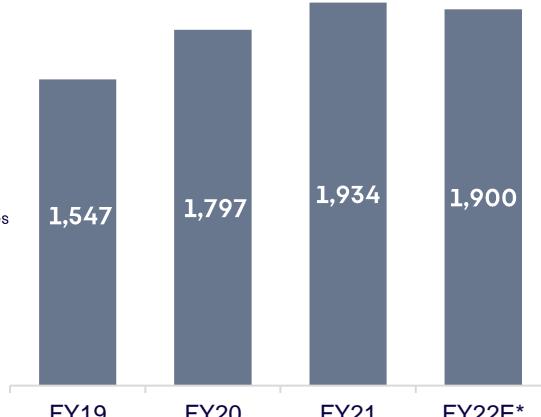
(in \$ millions)



Net Revenue

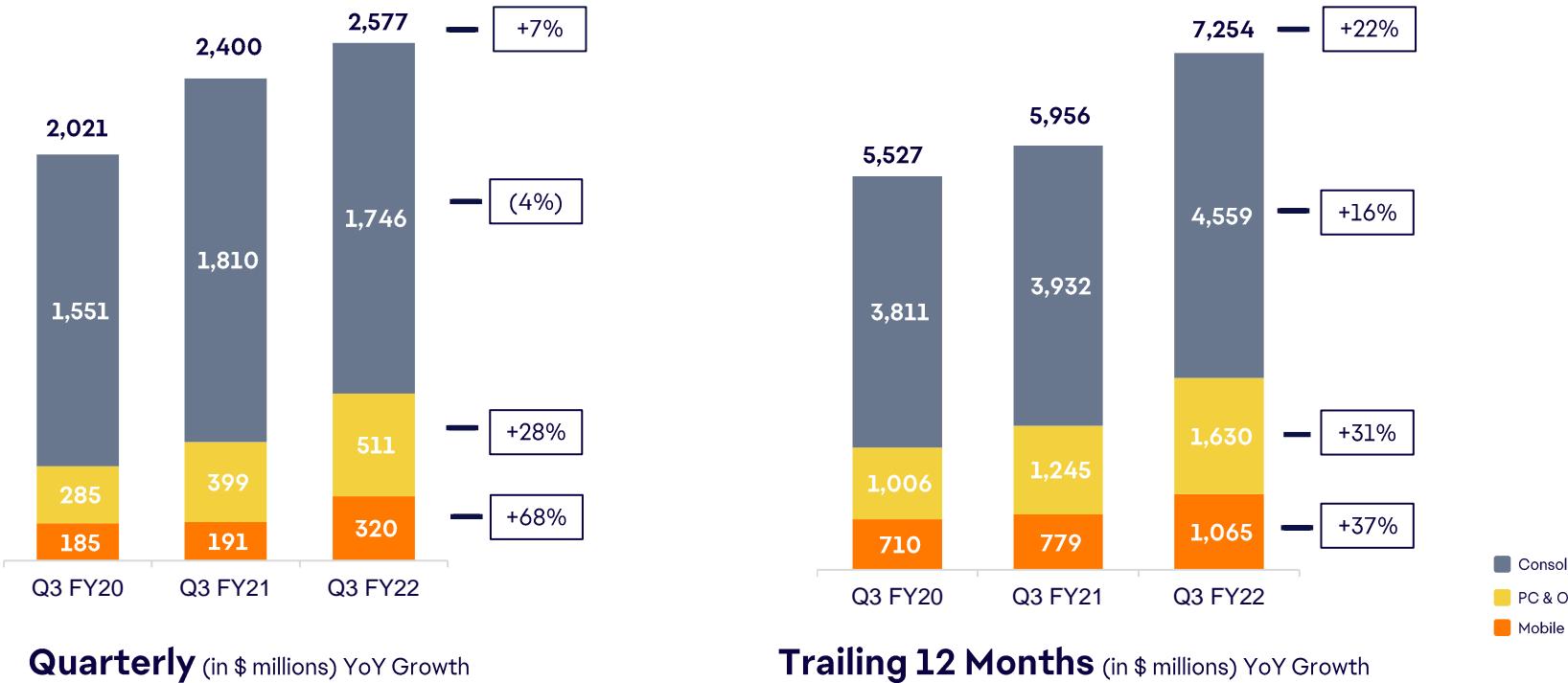


Net Bookings

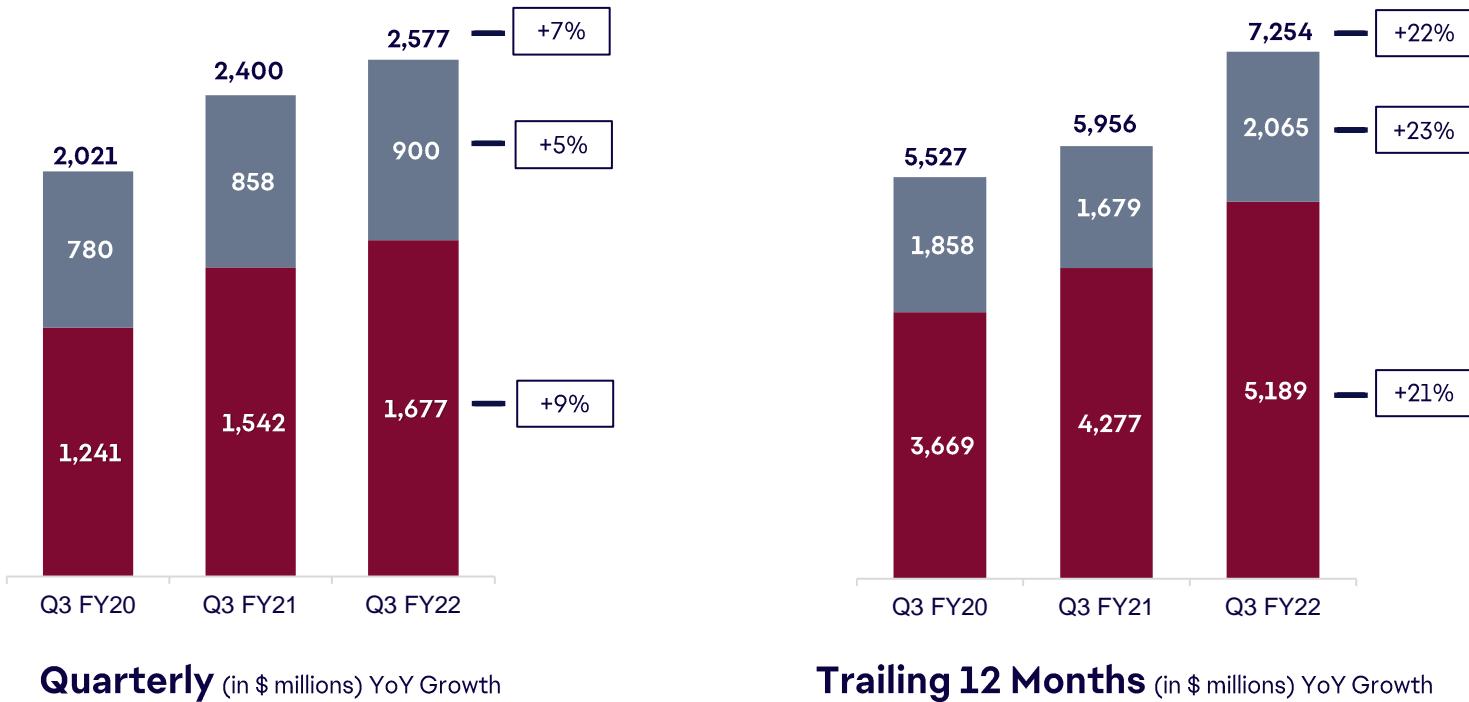


*Includes ~\$200 million of one-time tax payments related to acquisitions this year.

Net Bookings by Platform



Net Bookings by Composition



2021: 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

30%

Europe

25%

United States

22.5%

Asia & Pacific

15.7%

South & Latin America

Engagement Highlights

322 billion pings placed

Apex Legends

1.2 billion hours played

Sims

22.3 billion goals scored

FIFA

923 million ships destroyed

Star Wars Squadrons

9.4 billion touchdowns

Madden

493 million fights played

UFC

Expanding, Diversified Portfolio of Live Services

Active Q3 FY22 Console/PC



FY22 Announced Title Slate

Q1

Knockout City
Mass Effect Legendary Edition

Q3

Battlefield 2042
NHL 22

Q2

F1 2021
FIFA 22
Lost in Random
Madden NFL 22

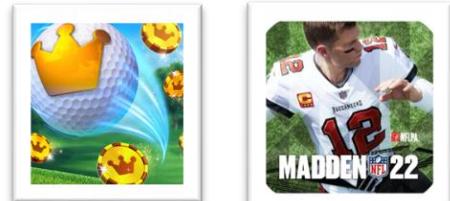
Q4

GRID Legends

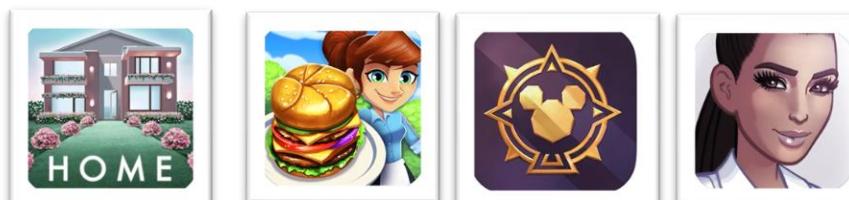
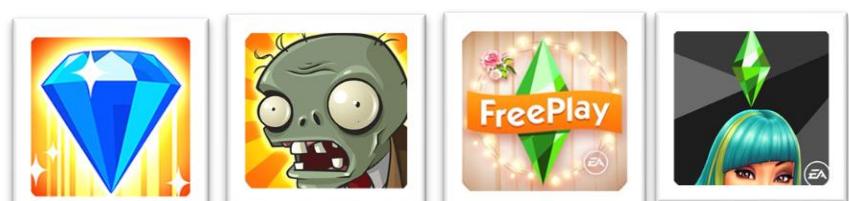
- For simplicity of disclosure, all fiscal periods are referred to as ending on a calendar month end. The actual quarter close dates are as follows: July 3, 2021, Oct 2, 2021, January 1, 2022, and April 2, 2022, respectively.
- Only announced titles with public launch dates are represented and titles are reflected in alphabetical order.

Mobile: Profitably Leveraging Our IP, Growing Our Portfolio

Sports | Racing



Casual | Lifestyle



Fiscal Year Guidance Notes

(\$ in millions, except EPS)

FY22E

Net revenue	6,925	
Cost of revenue	1,844	
GAAP EPS	2.43	Our EPS guidance calculation does not factor in future share repurchases.
Operating cash flow	1,900	Includes ~\$200 million of one-time tax payments related to acquisitions this year.
Net bookings	7,525	Although a \$100 million reduction on our position at the end of Q2, it is \$225 million above our original guidance for the year. The reduction is driven by Battlefield 2042 in both Q3 and Q4 but offset by strength in the rest of the business, particularly in EA SPORTS FIFA and Apex Legends. We still expect mid- to high-single digit growth next year.

Fiscal Year Guidance

The following table provides guidance for EA's Fiscal 2022 financial performance. These preliminary estimates and expectations are based on current information as of February 1, 2022 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. In addition, while EA does not provide expectations on non-GAAP financial performance measures, the following outlook for GAAP-based financial data and a long-term tax rate of 18% 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, 2021.

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

	Twelve Months Ending March 31, 2022			
	GAAP-Based Financial Data			
	GAAP Guidance	Acquisition- related expenses	Change in deferred net revenue (online- enabled games)	Stock-based compensation
(in \$ millions)				
Total net revenue	6,925	-	600	-
Cost of revenue	1,844	(130)	-	(5)
Operating expense	4,048	(180)	-	(525)
Income before provision for income taxes	984	310	600	530
Net income	694			
Number of shares used in computation:				
Diluted shares	286			

Quarterly Guidance Notes

(\$ in millions, except EPS)

	Q4E	Commentary
Net revenue	1,759	
Cost of revenue	404	
GAAP EPS	0.46	Our EPS guidance calculation does not factor in future share repurchases.
Net bookings	1,761	Guiding to the highest fourth quarter in the Company's history driven by the strength of our portfolio and the growth of our live services.

Quarterly Guidance

The following table provides guidance for EA's Q4 FY22 financial performance. These preliminary estimates and expectations are based on current information as of February 1, 2022 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. In addition, while EA does not provide expectations on non-GAAP financial performance measures, the following outlook for GAAP-based financial data and a long-term tax rate of 18% 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, 2021.

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

	Three Months Ending March 31, 2022			
	GAAP-Based Financial Data			
	GAAP Guidance	Acquisition- related expenses	Change in deferred net revenue (online- enabled games)	Stock-based compensation
(in \$ millions)				
Total net revenue	1,759	-	2	-
Cost of revenue	404	(42)	-	(1)
Operating expense	1,086	(49)	-	(126)
Income before provision for income taxes	259	91	2	127
Net income	130			
Number of shares used in computation:				
Diluted shares	284			

Currency Assumptions

Current FX assumptions^{1,2}

	USD/	FY21 Q3A	FY22 Q3A	FY22 Q4E
Net Bookings	EUR	1.18	1.15	1.13
	GBP	1.31	1.35	1.35
Operating Expenses	CAD	1.32	1.26	1.28
	SEK	8.80	8.83	9.05

Rule of thumb

If the U.S. dollar strengthens 10% against the Euro and British pound sterling:

- With hedging, total net bookings decrease ~3.5%
- 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 FY21 Q3A and FY22 Q3A, FX rates are a simple average of EA's actual monthly P&L rates. For FY22 Q4E, the same FX rates are used for all forecast periods.

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

Cash Flow Selected Data

Cash Flow Data (in \$ millions)	Actuals			
	Q3 2022	Q3 2021	Q3 TTM 2022	Q3 TTM 2021
Investing Cash Flow	(49)	-	(3,215)	(72)
Financing Cash Flow	(442)	(429)	(743)	(841)
Operating Cash Flow	A	1,534	1,124	1,826
Capital Expenditures	B	48	30	166
Free Cash Flow	A - B	1,486	1,094	1,660
				1,928

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.
- Our financial expectations for the quarter and the fiscal year ending March 31, 2022 include estimates of the impact of our completed acquisitions on consolidated results and could be materially impacted as we integrate these acquisitions.
- Forward-looking statements are valid as of February 1, 2022 only. Electronic Arts assumes no obligation to update these forward-looking statements, except required by law.