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EA.OQ - Q2 2024 Electronic Arts Inc Earnings Call

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OVERVIEW:

Company Summary

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PRESENTATION

Operator

My name is Lisa, and I will be your conference operator today. At this time, I would like to welcome everyone to the Electronic Arts Second Quarter Fiscal Year 2024 Earnings Conference Call.

I would now like to turn the conference over to Ms. Katie Burke, Director of Investor Relations. Please go ahead.

Katherine Eileen Burke - Electronic Arts Inc. - Director of IR

Thank you. Welcome to EA's Second Quarter Fiscal Year 2024 Earnings Call. With me today are Andrew Wilson, our CEO; and Stuart Canfield, our CFO. 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 third quarter fiscal year 2024 earnings call is scheduled for Tuesday, January 30. 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, November 1, 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. Please see our earnings slides for further information. 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 - *Electronic Arts Inc. - Chairman & CEO*

Thanks, Katie. It's great to be here with all of you. It was a strong Q2 for EA as we delivered results above our expectations. We are making great progress against our strategy to build massive online communities, tell blockbuster stories and amplify the power of social connection to drive multiyear growth and unlock long-term value in service of our people, our players and our shareholders.

All our teams through passion and creativity continue to deliver interactive entertainment and experiences that engage and inspire hundreds of millions of people as part of our communities inside our global network. To everyone at EA, thank you. During the quarter, EA SPORTS continued to expand its position as a leader of the future of sports fandom as we launched 2 of the world's most celebrated interactive experiences at the heart of sports culture. EA SPORTS Madden NFL 24 and EA SPORTS FC 24. These titles represent foundational drivers of growth in the biggest sports year in our company's history.

In Madden NFL, we have delivered the preeminent interactive American football experience for decades. We know it's essential for today's [fan] as NFL broadcast growing popularity and reach to connect with their friends and celebrate their passion for the sport beyond what happens on the field each and every day. Through our Madden NFL franchise, we make this possible in ways no one else can through awesome game play, deep social connection and a 365-day immersion in the sport for so many people with so many different motivations and expressions of their fandom.

On console and PC, Madden NFL 24 delivered an immersive experience with elevated realism, control and gameplay. This has energized our core franchise players while modes like Superstar are bringing new players to this already giant community. Madden NFL 24 is off to a strong start with almost 10% more players in the title year-over-year and driving over 10% growth in weekly average users. During the quarter, Madden Mobile had more players diving into the game year-over-year, growing the community over 20% and delivering double-digit growth in weekly active users.

As we continue to expand our American football ecosystem, our teams also ushered in a new era for Global Football at the end of the quarter. The successful launch of EA SPORTS FC represents a profound achievement. We have reimaged and expanded one of the largest franchises in the world, setting new standards of authenticity, innovation and social interaction. This cutting-edge multiexperience ecosystem spans console, PC, mobile and free-to-play with a groundbreaking game in FC 24, advancements of FC Mobile and FC Online in Asia and a new global esports program in FC Pro. Fans across geographies and generations are playing, connecting and celebrating in and around these incredible immersive experiences.

Coming off a record-setting Season 23 performance amidst 2 World Cups, FC is set to deliver growth this year and beyond. Fan reception of FC has been extraordinary, expanding our already thriving global football community. Within the first 4 weeks after worldwide launch, over 14.5 million fans have played FC 24 on console and premium PC, including double-digit growth in new players. FC Mobile has established new franchise records with over 2 million people installing the game on the first day, over \$5 million in the first 3 days and over \$11 million in the first 10 days. FC Online continues to grow across all engagement metrics, while players have truly embraced FC Pro with a record number of registrations. FC represents a giant leap forward as we aspire to more deeply connect and grow the world's largest football community to 1 billion fans and beyond.

The successful launch of FC shows our portfolio strategy at work. We are now able to accelerate creativity and innovation across platforms, geographies and business models, expand our football experiences across play, watch, create and connect and inspire and entertain even more fans around the world. We are in an extraordinary position to further collaborate with more amazing partners to grow FC as a culture phenomenon.

FC is more than just a game, this is just the beginning. Halfway through the year, our sports teams, the very best in the business, have delivered an unprecedented slate of amazing content. This story continues into Q3 as EA SPORTS NHL 24 and EA SPORTS UFC 5 have already launched to critical acclaim. The EA SPORTS WRC launch is also just 2 days away.

Looking ahead, exciting updates tied to the biggest moments of the sports season will fuel momentum across our titles through the rest of the fiscal year and beyond. As we build out our multi-platform ecosystems with FC Tactical releasing in 2024 and EA SPORTS College Football coming next summer. As we continue to build ecosystems around our biggest IP, we are prioritizing the massive online communities of our always-on live service to lay a broad foundation for future launches and strong growth for the business. Through the expanding world's characters and storylines that we deliver, people everywhere come together to celebrate their love of games, cherish community and forge lifelong friendships.

Apex Legends is a leader in its category, with top game quality and gripping content. In Q2, Season 18 entertained and energized players driving improvement in monetization over the prior season. We recognize the franchise exists in a competitive environment and, looking forward, our team at Respawn is focused on doing even more incredible things for players, engaging the community and deepening the franchise in exciting ways to drive growth. Starting with yesterday's launch of Season '19 featuring dynamic game updates and content integration with music industry icon, Post Malone.

The Sims 4 community is celebrating creativity and culture and growing across generations. Maxis is using data insights and deep connections with the community to create fan favorite content. New players as well as weekly average users are up double digits year-over-year. The team is committed to entertaining and inspiring our Sims 4 Free with an increasing amount of new content as they work on a parallel expanded experience in The Sims universe.

Just last month, we launched Season 6 for Battlefield 2042, and our community is responding positively driving record engagement on steam. This illustrates the strength today and long-term potential of the franchise. Through innovation and creativity, our teams continue to support this huge community of fans while building towards the future of Battlefield.

Live services are the foundation of our business. Through the first half of the year, we have delivered an impressive amount of content across new games and over 285 game updates. As our teams create even more incredible entertainment, players will find more joy, more inspiration and deeper connection, powering engagement and expanding our communities. Across geographies and business models, we are driving growth today and over the long term. While being mindful of current events and varying global macro consumer outlooks, our seasoned teams of leaders and world-class teams are focused on doing what they do best, delivering amazing games and services for players everywhere. As we continue to invest in our vision to lead the future of entertainment, we remain thoughtful and deliberate, focusing on our largest opportunities.

Over the next few years, our teams will innovate and expand our biggest IP as we build platforms and ecosystems to connect massive online communities that celebrate fandom across the world, inspire and engage our players through blockbuster storytelling and continue to create experiences that amplify our communities through social connection.

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

Stuart Canfield - *Electronic Arts Inc. - Executive VP & CFO*

Thank you, Andrew, and hello, everyone. Our strong Q2 performance delivered results exceeding our expectations across net bookings and EPS. We saw growth in our player network with healthy engagement driving strength in our EA SPORTS portfolio, highlighted by the successful launches of EA SPORTS Madden NFL 24 and EA SPORTS FC 24.

For the second quarter, net bookings were \$1.82 billion, up 4% year-over-year or 5% in constant currency, which exceeded our expectations for both full game and live services. Our full game net bookings were \$691 million, up 9% year-over-year or up 10% in constant currency, driven by strength in our Q2 EA SPORTS releases. Live services net bookings were \$1.13 billion, up 1% year-over-year or 2% in constant currency.

On a trailing 12-month basis, live services were 73% of our business, demonstrating the resiliency of our evergreen live services business model. EA SPORTS Madden NFL 24 delivered a strong launch in the quarter with net bookings up 6% year-over-year as exciting new in-game innovations continue to drive growth across player acquisition and engagement. As Andrew noted, the momentous transition to EA SPORTS FC was a huge achievement for EA.

In Q2, our total global football business significantly exceeded our expectations. Net bookings grew 41% year-over-year driven by continued momentum of FIFA 23, including triple-digit Mobile net bookings growth and strong demand for the release of EA SPORTS FC 24. The launch had a tremendous start highlighted by healthy retention of our core cohort, strong acquisition of new and reactivated players, greater demand for Deluxe Editions of FC 24 and the benefit of 4 extra days of early access.

In the first 4 weeks, FC Ultimate Team was up high single digits on a year-on-year basis. Apex Legends, though down on a year-over-year basis, delivered net bookings above our expectations with Season 18 driving greater anticipated player acquisition and monetization. Apex Legends remained one of the strongest franchises in the industry and will continue to invest to engage a broader base of players and drive long-term growth as the talented teams at Respawn introduce innovations and new offerings like in Season 19.

Moving to our GAAP results. We delivered net revenue of \$1.91 billion, up 1% year-over-year. Operating expenses came in below our expectations reflecting savings and the phasing of some marketing spend into the holiday period as we continue to make progress against focusing and rationalizing our investments. On a year-over-year basis, OpEx was up 7%, primarily driven by the incremental investment behind the launch of EA SPORTS FC.

Our GAAP earnings per share was \$1.47, up 37% year-over-year including \$0.34 from a onetime noncash tax benefit. Operating cash flow in the quarter was \$112 million, including benefit from lower cash taxes. On a trailing 12-month basis, free cash flow was a record \$2 billion, up 28% year-over-year. And we returned \$376 million to shareholders through dividends and our ongoing share repurchase program.

Now turning to guidance. To start, I'd like to recap the context and assumptions behind our full year net bookings guidance range, which remain unchanged. First, we expect healthy player engagement across our portfolio, even as we continue to operate amidst a highly competitive market and a varying macro backdrop. Second, for EA SPORTS FC, we continue to expect low single-digit growth for the full year even as we lap record FIFA 23 performance, which included the impact of World Cup events. Third, FX continues to remain volatile. If rates remain unchanged, we expect a 2-point headwind to net bookings and 6-point headwind to underlying profitability net of hedges relative to last year.

And finally, we continue to be focused, deliberate and disciplined on our investments as we execute against our long-term growth opportunities. Our full year net bookings outlook remains unchanged at \$7.3 billion to \$7.7 billion, roughly flat to up 5% year-over-year or up 1% to up 7% in constant currency. Our full year GAAP net revenue outlook of \$7.3 billion to \$7.7 billion and our cost of revenue outlook of \$1.67 billion to \$1.75 billion also remain unchanged.

As we continue to manage and prioritize investments across our portfolio, we are lowering our guidance for operating expenses to \$4.21 billion to \$4.33 billion down 2% to up 1% year-over-year, which we also expect to help drive improvements in our underlying profitability. We are increasing our GAAP earnings per share guidance to \$4.10 to \$4.66, up 42% to 62% year-over-year, reflecting operational savings and the onetime tax benefit noted earlier.

We are raising our guidance range for operating cash flow by \$250 million to \$1.95 billion to \$2.1 billion. We are lowering our capital expenditures outlook to \$250 million driven by deliberate decisions to optimize our real estate footprint. And we now expect free cash flow of \$1.7 billion to \$1.85 billion, up 27% to 38% on a year-over-year basis.

Please see our earnings slides and press release for further cash flow information.

Turning to the third quarter outlook. We expect net bookings to be \$2.25 billion to \$2.45 billion, down 4% to up 5% year-over-year or down 2% to up 6% at constant currency. For EA SPORTS FC 24, we expect modest growth given the World Cup comparable noted earlier. And in Apex Legends, we continue to take a more measured approach as our teams introduced more new modes of play and content offerings. We expect GAAP net revenue of \$1.83 billion to \$2.03 billion, cost of revenue of \$495 million to \$535 million, and operating expenses of approximately \$1.05 billion to \$1.11 billion. This results in GAAP earnings per share of \$0.75 to \$1.01 up 3% to 38% year-over-year.

In closing, EA delivered a strong Q2 performance ahead of our expectations driven by EA SPORTS launches and strong player engagement across our diverse portfolio of games and services. Looking forward, our teams are committed to delivering high-quality experiences for our players and building upon the momentum in our business, especially as we head into the holiday period. We continue to make progress in aligning around our strategic opportunities. We remain proactive and focused and disciplined in our investments to deliver multiyear growth.

Now I'll hand it back to Andrew.

Andrew Wilson - *Electronic Arts Inc. - Chairman & CEO*

Thanks, Stuart. Our industry is growing as more people around the world dive into the sports, brands, storytelling and legendary IP they love most. The definition of a game is also expanding beyond play as fans are watching, creating content and making deep social connections in and around interactive experiences. How games are being made is changing as well. Advancements in generative AI are accelerating the speed of development boosting creativity, innovation, transforming what we can deliver, bringing bigger, broader games and experiences to an even larger global audience. The value and opportunity of delivering deeply interactive entertainment has never been greater. Our talented team's industry-leading technology, world-class IP and growing global network of players position EA as a leader of the future of entertainment.

Now Stuart and I are here for your questions.

Lisa, we're ready for our first question.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). We'll take our first question from Matthew Cost with Morgan Stanley.

Matthew Andrew Cost - *Morgan Stanley, Research Division - Research Analyst*

I guess, on the launch of EA FC, I guess what were the areas where you were most pleased with the launch versus last year and the areas where maybe you saw the room for the most improvement? And are you still on track to hit the low single-digit growth of the franchise year-on-year that you had spoken about at the beginning of the year?

Andrew Wilson - *Electronic Arts Inc. - Chairman & CEO*

Thanks for the question. I would tell you, we are almost universally happy with the launch. Taking on this launch was a big challenge for us, was a challenge for the nature of the game that our teams had to make across platforms, across console, PC, mobile and free-to-play game that's mostly in Asia. We wanted this to be a symbol of change, not just a change of symbol. And I think the teams have done an extraordinary job in delivering the most authentic, immersive, socially connected football experience ever, certainly that we've ever made.

I think our marketing teams have done a tremendous job in ensuring that the world's population of football fans understands the transition has happened, understands the benefits of that transition and understands why this represents not the end, but the very beginning. What is going to be an incredible journey of football fandom for our fans and for our partners globally. I think that if you really sat down with our developers or our marketers or our partners, there are always things we can do better, and we're always learning, but on balance, I would say we feel very, very proud of what we've achieved so far.

It's only early, but certainly, all the signs are incredibly positive, and the feedback is also incredibly positive. And we feel good about where we think the franchise is going from a performance standpoint. Stuart, do you have some more?

Stuart Canfield - *Electronic Arts Inc. - Executive VP & CFO*

Yes, Matt, I'll just add just to clarify. So yes, we remain track for the low single-digit growth that we represented. I think 2 important pieces of context. Yes, we're off to a great start to Andrew's point earlier, we obviously saw strength in Q2. And obviously, importantly, we're seeing -- we're up high single digits year-on-year through the first 4 weeks on our live service business. Caveat being, we remain prudent as we head into Q3 and Q4. As

you remember from last year, we saw record Q4 across our business, up 31%, but we still feel confident and on track for low single-digit growth for the rest of the year.

Katherine Eileen Burke - *Electronic Arts Inc. - Director of IR*

Our next question, please.

Operator

We'll take our next question from Benjamin Soff with Deutsche Bank.

Benjamin Soff - *Deutsche Bank AG, Research Division - Research Associate*

Another one on FC again, really strong launch so far, so that's encouraging. I'm wondering if you anticipate that the pacing of sales for this game will be similar to prior years. Or if you'd expect any changes to that trend as a result of the rebrand, maybe either more front-end loaded because of some excitement or longer tail because it might take time for some of the marketing to reach people.

Andrew Wilson - *Electronic Arts Inc. - Chairman & CEO*

Yes. I think Stuart can kind of talk about how we're planning that. I think what we're doing right now is we're planning for both of those potential outcomes. We feel very good about the launch so far. We've certainly brought in a meaningful amount of net new fans and net new players in the ecosystem, which is always an incredible sign and prediction for the future. We also know we still have a meaningful amount of people playing the previous game.

And as we're starting to see, and it's less about the FC transition and more about our live service business in general. As we think about live services, we're seeing the transition from one launch to the next be a little bit more organic. And certainly, as we have supported the live services right up until the new launch. There's often very good reason for people to continue playing the previous game. And so I do believe that we brought in new fans through an incredible game experience and incredible marketing, but we also recognize that we still have a meaningful population playing the previous game, and we're now working very deliberately and diligently to bring those over to FC and continue to grow the base of FC on a go-forward basis.

Stuart Canfield - *Electronic Arts Inc. - Executive VP & CFO*

Yes, Ben, just on phasing, I think you've seen a great start. So naturally you've seen us pull forward a little bit through Q2 in the first 3 weeks, which is natural and part of the strategy as we launched FC. We expect Q3 to operate broadly in a similar manner as we progress through both season and the real world and heading into holiday. We expect Q4 will be more of a tougher comp in part because we have the World Cup pickup from players that flow through into Q4. So macro, yes, stronger start, consistent through Q3 and more of a flat consistency around Q4 given the comp on the prior year.

Benjamin Soff - *Deutsche Bank AG, Research Division - Research Associate*

Got it. And then on Apex, can you just talk a little bit more about what resonated with players for Season 18 and some of the drivers you see to generate growth for this franchise over the long term?

Andrew Wilson - *Electronic Arts Inc. - Chairman & CEO*

Yes. The team continues to develop incredible content and they're very deeply connected with their fan community. And what we've started to see is different types of content, more dynamic content, more content that has application across legends versus being legend specific and different chase mechanics inside the game. Again, there's a deeply committed community, a deeply engaged community and when they come in and see these chase mechanics, it really drives ongoing engagement. And so my expectation is the team will continue to test and learn and continue to innovate and evolve the experience in line with community needs and community demands and community expectations. But what we've seen so far is very positive results to the more dynamic nature of the event and the offers that they've been pushing into the experience.

Operator

We'll take our next question from Eric Handler with ROTH MKM.

Eric Owen Handler - *ROTH MKM Partners, LLC, Research Division - MD*

Andrew, now that you're not shackled with some of the FIFA restrictions that you have on EA FC, I wonder if you could give a little perspective on what the impact was on revenue for sponsorship and advertising or maybe the impact from promotions?

Andrew Wilson - *Electronic Arts Inc. - Chairman & CEO*

Well, it's still really early as we think about the future of this franchise. We are just getting started. But as we talked before, our orientation by transitioning to FC was really about how do we work with more partners around the world in a way they want to work with us. And that's both leagues, teams, players, competitions and commercial partners. It was really about how do we expand the modalities of play inside the game to do new and interesting things for a growing fan base, how to expand engagement opportunities outside the game, how do we really develop FC as a football fan platform, not just an interactive gaming experience and how do we move really, really quickly.

We think that with the partner structure that we have now and the many partners that we have around us with the deep connection we have with the community and the investments that we've been making in and around development across the entire ecosystem; console, PC, mobile, free-to-play and beyond the bounds of the game, is that these things will start to manifest over the coming months, over the coming seasons and over the coming years.

Eric Owen Handler - *ROTH MKM Partners, LLC, Research Division - MD*

That's great. And then just as a follow-up, can you maybe talk a little bit about some of the real estate strategies that you're sort of working through right now?

Stuart Canfield - *Electronic Arts Inc. - Executive VP & CFO*

Eric, I'll chime in here a little bit. We [signed this out], and we talked about the restructuring heading out of our Q4 last year. And we continue just to sort of optimize both how we build going forward in both our current footprint today. So ongoing exercise for us, we continue to look at that as we work through the future of work.

Katherine Eileen Burke - *Electronic Arts Inc. - Director of IR*

Thank you. Operator, our next question, please.

Operator

(Operator Instructions) We'll take our next question from David Karnovsky with JPMorgan.

David Karnovsky - *JPMorgan Chase & Co, Research Division - Analyst*

Maybe just one for Stuart. On the operating cash flow outlook, you're taking it up, I think, \$250 million on a relatively unchanged operating income outlook. Can you just walk through the puts and takes of that? Are there one-off benefits or should we look at this as an underlying improvement in your conversion?

Stuart Canfield - *Electronic Arts Inc. - Executive VP & CFO*

Thanks, Dave, for the question. In short, yes, we've got a couple of one-off benefits we talked about in the script before. So we have obviously naturally have improved operating foundations and flow of cash benefit from interest we're seeing by virtue of the record cash flow we talked to in our narrative.

And then secondly, yes, we're obviously seeing some one-time tax benefits that are flowing through giving us that lift you're talking about, which is \$250 million. In addition, we're also obviously changing free cash flow as well to the question before from Eric as we pulled down some of our capital future strategy on investment to increase that up as well. So yes, one-time benefits tied around tax and obviously, some operating benefits picked up by having greater cash at hand that's driving greater interest for us.

Katherine Eileen Burke - *Electronic Arts Inc. - Director of IR*

Thank you. Operator, our next question, please.

Operator

We'll take our next question from Brian Fitzgerald with Wells Fargo.

Brian Nicholas Fitzgerald - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

When you think about FC seasonality of spend, has that dynamic shifted any when you look at annual cohorts. We just asked if FIFA engagement was surprisingly robust all the way up to FC launch and with these new FC play modalities, Pro, Tactical, Mobile, Online, how do you see that impacting spend seasonality, maybe similar along with play styles, all these levers should just broaden out that engagement and spend as well, right?

Andrew Wilson - *Electronic Arts Inc. - Chairman & CEO*

Yes. I mean that is our assumption. I mean, this is the biggest sport in the world, and it's growing exponentially. It's growing meaningfully in this country as well, but also globally, it continues to grow. And as we think about the football fan community kind of growing into being of gaming age, we see an opportunity to serve them across a bunch of different vectors.

And so as we think about the value of FC as a platform, it really comes down to 3 things. One is, how many people are in the network and playing, how much time are they playing in the context of that engagement and how deep are the connections they have with those that they play with? And as you look at our strategy as we roll that out across platforms, across modalities, across geographies and across business models, everything we are doing, we are looking to pull on those levers that bring more fans into the community and give them more opportunities to engage deeply with the experiences that we create and connect more meaningfully with the friends that they enjoy those experiences with.

And what that has meant is just an overall expansion of the opportunity, both in terms of how many people are in the community broadly and the overall seasonality of spend has been elongated throughout the year. And so we're seeing far more consistent spend throughout the year because it's not just about the connection to a season of football. It's about a deep connection to the friends they share the love of that season of football with, and that love is 365 days a year.

And so as we think about building this out both in the context of FC, in the context of American football, in the context of our broader EA SPORTS portfolio and in the context of our other big -- giant IP, Apex, Sims, Battlefield, you should expect that we will look to replicate this across the portfolio as we invest deeply in these opportunities to bring global communities of gamers together and give them opportunity to engage more deeply in the experiences they love and connect more meaningfully with their friends that they enjoy the experiences with.

Katherine Eileen Burke - *Electronic Arts Inc. - Director of IR*

Thank you. Operator, next question, please.

Operator

We'll take our next question from Eric Sheridan with Goldman Sachs.

Eric James Sheridan - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Maybe 2 questions, if I can. First, we continue to have a debate with investors about the recession resilience versus of gaming overall as an industry. I was curious what you're seeing in terms of spending habits on the consumer side of the equation across your portfolio of IP and what it tells you in terms of resilience versus resistance to potential in consumer volatility from a spending side when you think about the interactive entertainment landscape, number one.

And then number two, it's really interesting to see the new user growth around the Madden franchise, where there's been sort of a geographic component to that IP over time because of the sport itself. How do you think about building more audience scale and size in Madden over the long term? What were some of the key learnings from this year that you have to take into future years?

Andrew Wilson - *Electronic Arts Inc. - Chairman & CEO*

Well, Eric, 2 great questions. I will try and cover them as best as I can and Stuart, please add details as we go. I think that when we think about recessionary predictions and the industry broadly, typically as an industry we have. I don't want to say, be recession-proof, but we have been more resilient than many industries have been and that's really because of 2 key things; one, entertainment is a fundamental human need. It's very important to us as a species. And two, the form of entertainment that we offer to our communities represents incredible value even where there is constrained spending.

As we look at the market today and we look across our portfolio, I think it probably is pretty consistent with what we see across the industry, which is the big games where there is deep engagement and deep social connection continue to benefit across our portfolio. And we are -- but we do see different kind of spend patterns on a geo basis. There are some markets that are showing a little more softness than others relative to some of the growth that we're seeing across the world. We've heard others speak to some of the softness in market in Europe. We've certainly seen some of that across our portfolio. But in aggregate, on a global basis, we're seeing growth.

As we think about Madden broadly, again, I just -- I think we have been partners with the NFL for the best part of 30 years. Our teams work very, very closely with the NFL and the NFL Players Association and more importantly, NFL fans, football fans in this country and beyond the boundaries of this country. And the NFL is growing globally, and we see the NFL doing an incredible job of growing the sport and what our teams have been

doing is building out again, thinking about these game experiences not just as one-off, one-time experiences, but mechanisms to fulfill many motivations of sports fans and football fans.

And those might be core gaming moments, those might be more play trade moments, they might be more casual moments, they might be more arcade-like moments or they might just be moments to connect with other fans of the community. And what you're seeing from our teams right now is a deep commitment to fulfilling the needs and motivations of what is a growing fan community for American football in this country and beyond. And I expect that we'll continue to work with the NFL and the NFL Players Association, our partners and the community broadly to continue to grow the business.

Katherine Eileen Burke - *Electronic Arts Inc. - Director of IR*

Thank you. That ends our call. Andrew, do you have a few closing words?

Andrew Wilson - *Electronic Arts Inc. - Chairman & CEO*

Thank you all for being with us and for the great questions. Once again, I want to express my deepest appreciation to our incredible teams for delivering a really strong Q2. We look forward to updating you next quarter on January 30.

Operator

Thank you. That concludes today's meeting. Thank you all for joining, and you may now disconnect.

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