



Prepared Remarks
Q4 Fiscal 2024

ANDREW UERKWITZ:

Thank you.

Welcome to EA's fourth quarter and 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 first quarter fiscal year 2025 earnings call is scheduled for Tuesday, July 30th. 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 7th, 2024, and disclaims any duty to update them.

During this call, the financial metrics, with the exception of free cash flow and non-GAAP operating margin, will be presented on a GAAP basis. For more information on our non-GAAP operating margin, please see our earnings slides and the FAQ document available on our Investor Relations website. 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 Wilson.

ANDREW WILSON:

Thanks, Andrew.

In FY 24, we entertained and connected hundreds of millions of people around the world. I am inspired by how our teams continue to create and deliver more innovative content and deeper experiences than ever. Before I dive into our results, I want to talk about the accelerating transformations across the entertainment landscape, and how we have been navigating and leading through change.

Firstly, consumer attention and spend are increasingly consolidated in top franchises. As live services deliver fresh content, players are going deeper and spending more time with their friends in blockbuster experiences. For example, in North America, engagement for the top 10 franchises have increased their market share since fiscal 2022. For a company that has some of the biggest IP in the world, this trend presents an incredible opportunity to evolve as an industry leader. It is against this backdrop that we have built our three strategic pillars around entertaining and engaging massive online communities, telling blockbuster stories, and harnessing the power of community in and around our games.

Secondly, players and fans are increasingly looking to us to deliver the entertainment they want today and tomorrow: bigger, bolder, more connected experiences where they can play, watch, create, and connect like never before. As players' needs and motivations expand, we continue to sharpen our focus. Across this past fiscal year, we took proactive steps to further empower our

creative leaders by realigning our investments, organization, and portfolio in support of our largest growth opportunities.

As we have demonstrated several times in the past by building some of the world's largest franchises, when we rally behind a shared goal, EA delivers more creativity, more connection, and more cutting-edge experiences for players and fans. The most recent example of this is the incredible launch of our multi-platform experience, EA SPORTS FC, which was a truly profound moment for our players, our teams, and our partners. This milestone, as well as our execution across this fiscal year, demonstrates how EA is leading the future of entertainment. I am excited to share more details about our development pipeline, innovative experiences, and new revenue streams at our Investor Day this September in New York.

Our teams at EA SPORTS are the best in the business, delivering awesome gameplay, innovation, and unmatched authenticity to fire the passion and imagination of hundreds of millions of players and fans. FY24 was the biggest EA Sports year in our history, a year in which we launched eight titles across the year, including the highly successful launch of our own brand — EA SPORTS FC.

Players are connecting, competing, and celebrating global football with their friends, driving strong engagement across FC's multi-platform experiences. In FY24, our global football franchise grew net bookings by high-teens, a remarkable year considering the prior year benefited from significant tailwinds related to the World Cup.

During calendar 2023, there were billions of matches played across FC experiences, and the franchise's astounding success goes far beyond gameplay. Our massive global football community watched more than a billion hours of content in and around our game — gameplay

videos, pitch notes and esports, in addition to content produced by our community. These many interactions, on and off platform, meaningfully increase in-game engagement, which drive stronger retention and ultimately greater levels of monetization. What we know when we look at player behavior in our games, as players spend more time with friends, they play more, they play for longer, and this higher engagement leads to more in-game spend.

With the successful launch of EA SPORTS FC, our focus was two-fold: delivering innovation in gameplay with Hypermotion V, new features and improvements across all modes of play for our core players, while continuing to expand the game's reach through the acquisition of new players, and re-engagement lapsed players. Our go-forward strategy is anchored in building a platform that enables us to deepen our connection with players, lead the future of immersion by bringing the real world of sport and our experiences closer together, and expanding the tools, modalities, and partnerships to drive enhanced socialization, self-expression, and creation for sports fans. We've engaged with partners like Nike, Pepsi, Uber Eats and Beats over the last year and will continue to do so, integrating them into matchday experiences and providing them with a platform to deeply connect with our global audience. We are also building to unlock new multifaceted sponsorship and advertising opportunities.

FC is more than just a game, it is the world's leading digital football fan platform — and this is just the beginning.

Year after year, Madden NFL unites fans and athletes through interactive experiences that fuel passion, connection, and creativity. No one can match Madden's unparalleled authenticity in American Football. Our talented teams pushed more innovation into Madden NFL 24, more modalities of play, and amazing content throughout the season, leading to the highest selling installment for Madden since the early 2000s and record overall net bookings. Further innovation

in live service events has led to deep, ongoing engagement well beyond the NFL season, especially with younger audiences as we've seen increases in weekly active users into and following the Super Bowl. Most recently, excitement has continued through the NFL Draft, as top picks were dropped into Ultimate Team in real time. We see this excitement leading us right into an incredible Madden NFL 25.

To expand the American football experience, this summer we are launching the highly-anticipated EA SPORTS College Football 25, bringing new innovations, always-on social connection, and unrivaled immersion. This awesome experience will feature all 134 Football Bowl Subdivision schools; more than 11,000 college athletes; the iconic traditions and pageantry of the United States' biggest college sport; and unparalleled gameplay to inspire the fandom of millions of fans. This is the next step in a multi-year plan to further evolve and grow our American Football experiences into a connected ecosystem to more deeply engage and expand an already thriving community.

We see incredible opportunities ahead for us across our sports business. As we continue to build ecosystems around our biggest communities, we are also prioritizing our owned IP in the rest of our broad portfolio, which are among the most deeply engaging and culturally relevant entertainment properties in the world.

Since its surprise, smash-hit release in 2019, the HD title of Apex Legends has surpassed \$3.4 billion in lifetime net bookings. In FY24, we focused on building features and improving quality of the experience to drive long-term engagement, positioning us for future revenue growth. For example, we finished the year with significant changes to the mechanics of our popular Ranked Mode. We engaged with the community, increased transparency, and thoughtfully addressed their feedback, and, as a result, saw dramatic improvements in player sentiment scores around the

world, improving 29 points. We have also prioritized expanding Apex's appeal – making it more approachable for new and more casual players with improved onboarding and simplified modes of play like Three Strikes and Straight Shot. Looking to the future, we will continue to invest in broadening the audience by building upon the epic characters and storytelling of this world that go beyond the current Battle Royale.

The passion of the Sims community remains strong as the franchise powers toward its 25th anniversary. Since its launch in 2014, The Sims 4 has surpassed 85 million players, with FY24 up double digits year over year. The Sims online and The Sims mobile, combined have been downloaded over 500 million times. This is already one of the largest communities in the world, and we believe this hugely successful franchise has the potential to become one of the largest creator platforms in entertainment. An early proof point of the platform's evolution is the hundreds of millions of user generated content items that were shared in this fiscal year. Looking ahead, we are committed to entertaining and inspiring our loyal and engaged Sims 4 fans through over 15 content updates over the coming year, while working on multiple experiences in the Sims universe to leverage user generated content to deepen our community and expand our audience.

With each immersive, action-packed season of Battlefield 2042, players have made it clear that they wanted an even deeper experience. Our teams have listened to the community, have learned valuable lessons, and are driving to the future. Motive, armed with cutting-edge Frostbite technology and compelling storytelling, is joining DICE, Criterion, and Ripple Effect to build a Battlefield universe across connected multiplayer and single-player experiences. This is the largest Battlefield team in franchise history. A few weeks ago, I was visiting with the teams and I couldn't be more excited about what they showed and what we were able to play.

Turning to mobile, we are heads down on bringing together mobile and HD franchise leadership for EA SPORTS FC, Madden NFL, and The Sims, while also continuing to make strategic investments in standalone mobile titles. Mobile is the largest platform in our industry and with our teams aligned and more empowered than ever, we see growth opportunities in this part of our business over time.

I will now turn it over to Stuart for more detail on FY 24 with additional color on the near-term industry outlook, and incremental detail and metrics around our confidence in FY26 and FY27.

STUART CANFIELD:

Thanks Andrew, and good afternoon everyone.

As Andrew spoke to earlier, we have been on a journey to transform our business to meet the needs of an evolving industry landscape, which has seen players develop new engagement behaviors and demands. To meet these changing player needs, we have been deliberate over the last fiscal year to prioritize our investments, streamline our portfolio, and align our teams and organization behind our biggest strategic opportunities. Overall, these changes set us up to deliver accelerated growth from the core business while building the foundational blocks to expand and deepen both engagement and monetization into the emerging interactive entertainment categories of create, watch, and connect.

Turning first to fiscal year 2024, EA delivered strong earnings growth and record cash flow in a highly competitive market. Our results were highlighted by the hugely successful rebrand of EA SPORTS FC and growth across our largest SPORTS franchises, with both global football and Madden franchises delivering record net bookings results.

For the fiscal year, we delivered total net bookings of \$7.43 billion, up 1% year over year, or up 3% in constant currency.

Full game net bookings of \$2.01 billion, up 11% year over year, or up 12% in constant currency, was driven by the release of Star Wars Jedi: Survivor and our EA SPORTS portfolio. We launched four new non-annual sports titles in FY24 strengthening our EA SPORTS brand as it further expands fandom across one of the largest platforms in the world.

Live services net bookings was \$5.43 billion, down 2% year over year, or down 1% in constant currency. Excluding the impact of the sunset of Apex Mobile, live service net bookings was about flat year over year at constant currency. Strength in live services was driven by high teens growth year-over-year in our global football franchise, fueled by FC Ultimate Team and FC Mobile, but was offset by declines in Apex Legends.

Moving to our GAAP results, we delivered net revenue of \$7.56 billion, up 2% year-over-year. Cost of revenue was \$1.71 billion, down 5% year over year, driven by lower royalties and lower acquisition-related expenses, resulting in a gross margin of 77.4% for the year, an improvement of 150 basis points.

As we continued to operate with focus and discipline, GAAP operating expenses were \$4.33 billion, up 1% year over year, driven predominately by incremental marketing spend to support our new releases and launch of EA SPORTS FC.

Our GAAP earnings per share was \$4.68, which included \$64 million of restructuring and related charges, significantly outpacing our original expectations growing 63% year-over-year.

Operating cash flow of \$2.32 billion, a record for a fiscal year, delivered considerable improvement and accelerated growth year-over-year. Capital expenditures for the year were \$199 million, below our original \$275 million guide as we further rationalized our real estate investment and footprint over the year. This resulted in a record year for free cash flow of \$2.12 billion, up 58% year over year. This includes a one-time cash tax savings of approximately \$150 million. Over the year, we returned \$1.51 billion to shareholders through buybacks and dividends.

Moving to fourth quarter results. Total net bookings for the fourth quarter was \$1.67 billion, down 14% year over year in both actual and constant currency. Full game net bookings for the quarter was \$259 million, driven by slate timing. And live services for the quarter was \$1.41 billion.

As a reminder, we expected Q4 net bookings to be impacted by 8 points related to slate timing. We also provided a wider guidance range to account for the dynamics of Apex Legends and EA SPORTS FC, which faced difficult comparable periods. In Apex Legends, we saw elevated engagement and monetization trends early in the quarter. As the quarter progressed, monetization returned to prior norms while player sentiment and engagement remained strong. FC Mobile and Online declined year over year as they faced record comparables in the prior year period, fueled by World Cup tailwinds. However, FC Ultimate Team, lapping a record 20% growth in Q4 FY23, again grew year-over-year, delivering low single digit growth.

We delivered net revenue of \$1.78 billion, down 5% year over year. Cost of revenue was \$357 million, which translated to a gross margin of 79.9%, up 380 basis points year over year, as we benefited from lower royalties and change in deferred net revenue related to product mix.

GAAP operating expenses for the quarter was \$1.19 billion, down 5% year over year from lower restructuring related charges. GAAP EPS for the quarter was \$0.67. We delivered operating cash flow of \$580 million in the quarter, and free cash flow of \$529 million.

Now let me turn to our Outlook.

In FY25, we expect to again drive results in a highly dynamic market, delivering fiscal year growth, strong cash flow, and enhanced return on capital. We expect to do this despite a lighter slate, through new releases of iconic and fan favorite IP, continued execution and growth in our core live services, and by staying focused and disciplined against our strategic growth initiatives.

Our Q1 FY25 outlook reflects many of the trends we saw in Q4 2024 related to slate timing and atypical seasonality as we lap difficult comps year-over-year. We expect the quarter to be impacted by a fifteen point headwind related to release and content timing versus prior year due to 3 additional title launches. Live services including EA SPORTS FC and Apex Legends will continue to face difficult comparable periods. As a reminder, Q1 FY24 was the largest Q1 in company history for our global football franchise. We expect net bookings for Q1 to be \$1.15 billion to \$1.25 billion, down 27% to down 21% year over year.

We expect net revenue of \$1.575 billion to \$1.675 billion, cost of revenue to be \$240 million to \$250 million, and operating expenses of approximately \$1.065 billion to \$1.085 billion, resulting in earnings per share of \$0.73 to \$0.90.

Now moving to our outlook for FY 25.

We expect fiscal year net bookings of \$7.3 billion to \$7.7 billion, down 2% to up 4% year over year, with mid-single-digit growth in our core live services business partially offset by fewer title launches, lighter catalog contributions, and headwinds from our mobile business related to portfolio optimization decisions taken over the last six months. Excluding our sunset titles, we expect mobile to be up low single digits.

Turning to GAAP, we expect net revenue of \$7.1 billion to \$7.5 billion. We expect GAAP operating expenses to be \$4.35 billion to \$4.44 billion, flat to up 2% year over year, as focused investment to drive growth is largely balanced by less marketing spend and acquisition related expenses.

We expect GAAP operating margin to be 18.0% to 20.6%. We expect non-GAAP operating margin to be 29.6% to 31.7%. The impact from change in deferred net revenue is expected to be approximately 200 to 170 basis points. We expect fiscal year GAAP EPS of \$3.34 to \$4.00. If rates remain unchanged, we expect minimal impact from FX.

We expect our business to continue to be a strong generator of cash, with operating cash flow of \$2.05 billion to \$2.25 billion and capital expenditures of around \$200 million, which would deliver free cash flow of about \$1.85 billion to \$2.05 billion, roughly flat year-over-year when excluding the one-time cash tax benefit noted earlier.

Expanding upon the long-term financial framework we introduced last quarter, we are introducing non-GAAP operating margin guidance through FY27. We believe this best reflects our confidence in accelerating growth, ability to expand margins, and grow cash flows. Moreover, it provides greater transparency around the impact of our strategy and future pipeline for our shareholders. By FY27, we expect our GAAP operating margin to expand an additional 300 to 350 basis points, and we expect our non-GAAP operating margin to expand another 150 to 200

basis points. We do not expect any additional impact from change in deferred net revenue. Please refer to our slides and FAQs for further information.

Our conviction in expanding margins and accelerating growth leads us to increase our stock repurchase program and extend it by an additional year. Returning capital to shareholders is an important priority for us. Our Board has authorized a stock repurchase program of \$5 billion over the next three years. We expect \$1.5 billion to be returned in FY25, with the remainder scaling with growth in our business across FY26 and FY27.

In closing, and as we look ahead to our September Investor Day, I am excited to share more on our ongoing value creation framework, with insights into the growth drivers across our core business and upcoming releases from our development pipeline, as well as our key strategic priorities to harness the power of our community.

Now, I'll hand it back to Andrew.

ANDREW WILSON:

Thank you, Stuart.

25 years ago there were dozens of major independent publishers in the video game space. Today, there are only a handful, and we have an incredible competitive advantage with the excellence of our creative talent, our production strength, our broad portfolio of incredible IP — including EA SPORTS, and a massive player network. With these enviable strengths, we are well positioned to grow the industry and increase our market share. As we leverage the capabilities of AI, we believe it will further supercharge these differentiators.

Through decades of experience and leadership, we have led through multiple transformations in our industry. Now, we have an incredible opportunity, in service of our players, communities, and shareholders, to lead through the one taking place right now.

Now, Stuart 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 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 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

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 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, 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.

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.