



Electronic Arts Inc. Q3 FY25 Results

February 4, 2025



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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, 2024.

These forward-looking statements are current as of February 4, 2025. Electronic Arts assumes no obligation to revise or update any forward-looking statement 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, 2024. 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, 2024.



Select Q3 FY25 Highlights



American Football reported **double-digit growth in weekly active users** year over year in Q3

\$1.7B

Total TTM Return on Capital
(through Stock Repurchase Program & Cash Dividends)

EA SPORTS FC™ Mobile reported **double-digit growth in new players and engagement** year over year in Q3

\$7.2B

Total TTM net bookings

Live Services represented **74%** of total TTM net bookings

\$1.9B

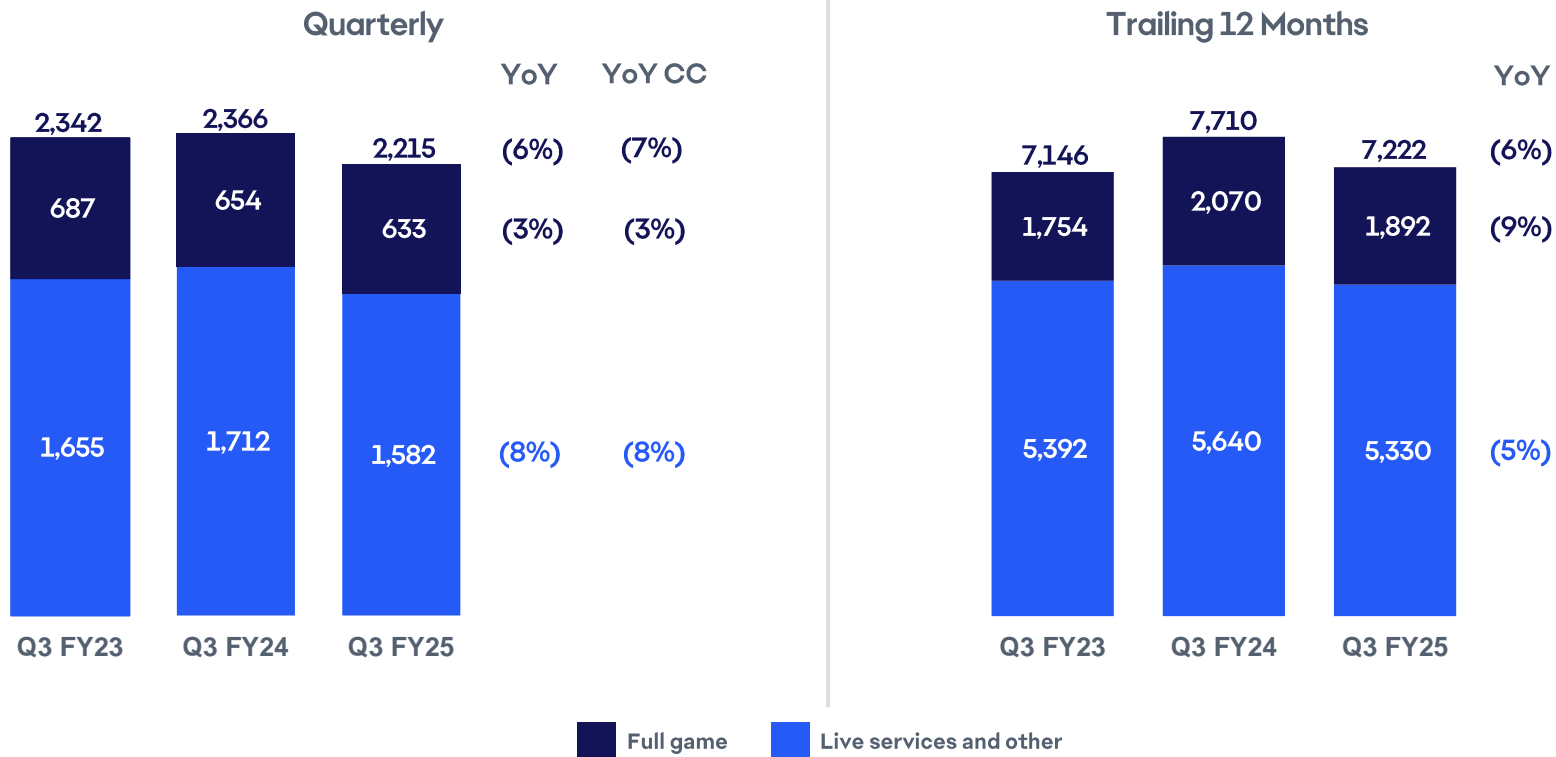
TTM Free Cash Flow

DRAGON AGE
THE VEILGUARD



Net Bookings by Composition

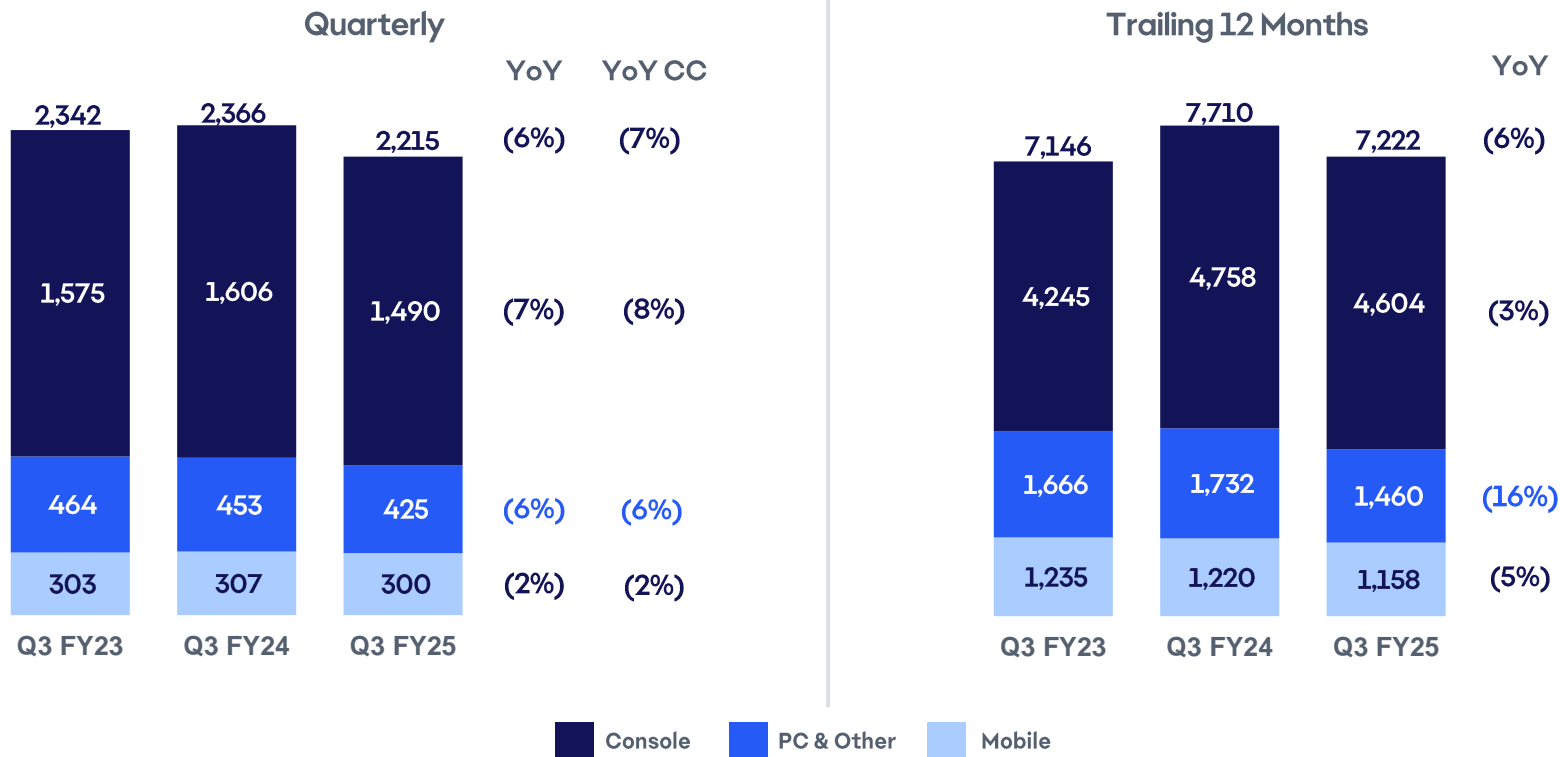
(in \$ millions)



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

Net Bookings by Platform

(in \$ millions)



Core Business and FY25 Title Slate

Massive Online Communities



New Releases in FY25

Q1
Tales of Kenzera™: ZAU (Apr 23)
EA SPORTS™ F1® 24 (May 31)

Q2
EA SPORTS™ College Football 25 (Jul 19)
EA SPORTS™ Madden NFL 25 (Aug 16)
EA SPORTS FC™ 25 (Sep 27)

Q3
EA SPORTS™ NHL 25 (Oct 4)
Dragon Age™: The Veilguard (Oct 31)

Q4
Split Fiction (Mar 6)



Q3 FY25 Actuals, FY25 & Q4 Guidance

(in \$ millions, except EPS)

	Q3 FY25A	FY25E	Q4 FY25E
Net Revenue	1,883	7,250 to 7,400	1,682 to 1,832
Cost of Revenue	456	1,480 to 1,490	305 to 315
GAAP EPS	\$1.11	\$3.90 to \$4.25	\$0.65 to \$1.00
Operating Cash Flow	1,176	1,800 to 1,900	
GAAP Operating Margin	20.0%	19.2% to 20.5%	
Non-GAAP Operating Margin	30.1%	30.5% to 31.6%	
<i>Impact of GAAP Deferrals</i>	<i>1,040 bps</i>	<i>(250) bps to (240) bps</i>	

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

Net Bookings	2,215	7,000 to 7,150	1,444 to 1,594
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GAAP to Non-GAAP Reconciliation: Q3 FY25 Actuals

Three Months Ended December 31, 2024

	GAAP-Based Financial Data				=A+B+C+D	GAAP-Based Financial Data
	A	B	C	D		Change in deferred net revenue (online-enabled games)
	Statement of Operations	Acquisition-related expenses	Restructuring and related charges	Stock-based compensation	Non-GAAP	
(in \$ millions)						
Net revenue	1,883	-	-	-	1,883	332
Cost of revenue	456	(10)	-	(3)	443	-
Operating expense	1,050	(16)	-	(160)	874	-
Operating margin	20.0%	140 bps	-	870 bps	30.1%	1,040 bps
Income before provision for income taxes	405	26	-	163	594	332
Net income ¹	293					
Number of shares used in computation:						
Diluted shares	265					

¹The 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

	GAAP-Based Financial Data				=A+B+C+D	GAAP-Based Financial Data
	A	B	C	D		Change in deferred net revenue (online-enabled games)
	GAAP Guidance Range	Acquisition-related expenses	Restructuring and related charges	Stock-based compensation	Non-GAAP Guidance Range	
(in \$ millions)						
Net revenue	7,250 to 7,400	-	-	-	7,250 to 7,400	(250)
Cost of revenue	1,480 to 1,490	(40)	-	(15)	1,425 to 1,435	-
Operating expense	4,380 to 4,390	(70)	(65)	(630)	3,615 to 3,625	-
Operating margin ¹	19.2% to 20.5%	150 bps	90 bps	880 bps	30.5% to 31.6%	(250) bps to (240) bps
Income before provision for income taxes	1,483 to 1,614	110	65	645	2,303 to 2,434	(250)
Net income ²	1,038 to 1,130					
Number of shares used in computation:						
Diluted shares	266					

¹The mid-point of the range has been used for purposes of presenting reconciling items to operating margin.

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



Q4 FY25 Guidance

Three Months Ending March 31, 2025

GAAP-Based Financial Data

	GAAP Guidance Range	Acquisition- related expenses	Restructuring and related charges	Stock-based compensation	Change in deferred net revenue (online- enabled games)
(in \$ millions)					
Net revenue	1,682 to 1,832	-	-	-	(238)
Cost of revenue	305 to 315	(10)	-	(4)	-
Operating expense	1,112 to 1,122	(20)	(7)	(161)	-
Income before provision for income taxes	285 to 416	30	7	165	(238)
Net income ¹	171 to 263				
Number of shares used in computation:					
Diluted shares	264				

¹The 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			
	Q3 2025	Q3 2024	TTM Q3 2025	TTM Q3 2024
Operating Cash Flow	1,176	1,264	2,110	2,352
Capital Expenditures	50	52	218	195
Free Cash Flow	1,126	1,212	1,892	2,157
Investing Cash Flow	(62)	(51)	(226)	(195)
Financing Cash Flow	(504)	(431)	(1,812)	(1,622)



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}	Q3 2024	Q3 2025	Q4E 2025	
Net Bookings	EUR/USD	1.07	1.08	1.04
	GBP/USD	1.23	1.30	1.26
Operating Expenses	USD/CAD	1.37	1.38	1.44
	USD/SEK	10.89	10.59	11.09

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 FY24 Q3A and FY25 Q3A, FX rates are a simple average of EA's actual monthly P&L rates. For FY25 Q4E, 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	7,000	7,430	(6%)	6	(6%)
High	7,150	7,430	(4%)	6	(4%)

	Q4 2025 As Guidance	Q4 2024 As Reported	Percentage Change YoY	Currency Impact	Percentage Change YoY Constant Currency
Low	1,444	1,666	(13%)	13	(13%)
High	1,594	1,666	(4%)	13	(4%)



Constant Currency Reconciliation – Net Bookings (Q3)

(in \$ millions)

	Q3 2025 As Reported	Q3 2024 As Reported	Percentage Change YoY	Q3 2025 Currency Impact	Percentage Change YoY Constant Currency
Console	1,490	1,606	(7%)	(16)	(8%)
PC & other	425	453	(6%)	2	(6%)
Mobile	300	307	(2%)	0	(2%)
Net Bookings	2,215	2,366	(6%)	(14)	(7%)

	Q3 2025 As Reported	Q3 2024 As Reported	Percentage Change YoY	Q3 2025 Currency Impact	Percentage Change YoY Constant Currency
Full game	633	654	(3%)	0	(3%)
Live services & other	1,582	1,712	(8%)	(14)	(8%)
Net Bookings	2,215	2,366	(6%)	(14)	(7%)



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, Dragon Age, 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 February 4, 2025 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 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.

