

Electronic Arts Prepared Remarks

Q4 Fiscal 2025

Andrew Uerkwitz

Vice President, Investor Relations

Thank you.

Welcome to EA's fourth quarter and fiscal year 2025 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 2026 earnings call is scheduled for July 29th, 2025. 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 6th, 2025, 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. 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

Chairman & Chief Executive Officer

Thank you, Andrew. Good afternoon, everyone.

I want to start by recognizing the incredible efforts of our teams. Throughout FY25, they delivered high-quality games that entertained and connected hundreds of millions of people around the world. It is because of their strong execution and unwavering focus that we were able to deliver Q4 results that significantly exceeded our expectations — highlighted by reacceleration of growth in EA SPORTS FC, continued momentum in American Football, double digit net bookings growth in The Sims, and the highly successful launch of Split Fiction. These successes illustrate the increasing momentum in our business as we continue to deliver against our strategic roadmap.

Let me review Q4 and the year.

Through deep community engagement, innovative content, and agile execution, we reignited momentum in EA SPORTS FC after a temporary slowdown in Q3. The January gameplay update – which was the biggest live service update we’ve ever launched in FC – combined with outreach to our player community and our Team of the Year event, resulted in a true brand building moment with our fans. Feedback was overwhelmingly positive on the faster pace of gameplay and reward tuning. The regular cadence of updates, events, and highly valued content releases that followed throughout the quarter continued this strong momentum.

As a result, net bookings came in well above expectations with player engagement up double digits following the January update. Specifically, our competitive cohort engagement returned to more normalized levels and ended the quarter up year over year.

FC Mobile continues to exceed our expectations with engagement and acquisition up year over year as a result of our continued focus on hyperculturalization, a webstore launch last

quarter driving more meaningful net bookings, and our successful Team of the Year program. New player acquisition and Daily Active Users were up over 20% year over year. FC Mobile remains a key strategic initiative to grow the reach of our Global Football franchise. A great demonstration of how we're growing our audience through FC Mobile is the fact that the four largest mobile markets, including territories across the Middle East and Southeast Asia, are different from our four largest HD markets.

Not only is our Global Football business regularly the top video game in the western hemisphere, it is also one of the largest sports entertainment platforms in the world.

Q4 was a strong finish to an incredible year for our American Football ecosystem. Players across Madden NFL and College Football across console and PC grew double digits and hours played were up 68%, leading to net bookings of over \$1 billion dollars — up over 70% year over year.

This quarter, American Football continued to perform well—beyond the College season-ending national championship in January and the Super Bowl in February. Post-season engagement and monetization continue to play a more meaningful role as players and fans look to us for their sports entertainment in the off-season. For example, the recent NFL Draft was a prime opportunity to continue to connect Madden NFL and College Football through high value, timely content to generate ongoing engagement, connect with our fans three hundred sixty five days a year, and drive player retention as we head into the next fiscal year.

In addition, UFC 5, F1 24 and NHL 25 delivered consistent quality and deepened player connection across the portfolio. The EA SPORTS App, currently in soft launch with LALIGA in Spain, is delivering positive early indicators of engagement and retention reinforcing our vision to grow into the world's leading interactive sports platform. Looking ahead, we plan to broaden our reach into additional markets with new strategic partners, while steadily enhancing the app experience through expanded features and more personalized content. Our focus remains on driving daily engagement, fostering community interaction, and supporting long-term global growth.

We have a number of unique opportunities to expand reach for EA SPORTS. For instance, FC Mobile will play a key role in deepening player engagement starting with the recently-announced partnership with Apple and MLS around integrated streaming and cross-platform fandom with the first match streaming next week.

EA's always-on experiences and real-time responsiveness truly demonstrate the commitment of our teams and the resilience and structural advantage of our business. Nowhere was this more evident than in our sports franchises across Q4. Titles like EA SPORTS FC and Madden NFL align with the rhythm of global competition, keeping fans connected year-round. This led to the biggest net bookings year ever for EA SPORTS.

FY25 was also a pivotal year for our Entertainment pipeline — setting up a significant period of growth and innovation for EA, our players, and our fans.

As we celebrated the 25th birthday of The Sims, the franchise delivered double-digit year-over-year growth in net bookings in Q4. This growth reflects successful player reengagement and the continued impact of our strategy to expand the global audience and elevate community connection. Highlights included the release of a new expansion pack — Businesses & Hobbies — the return of The Sims 1 and 2, and the release of creator-made kits. This marks the best fourth quarter net bookings performance for the franchise ever and paves the way for our continued expansion of The Sims universe over the next several years.

Q4 also saw a strong launch of a new IP in Split Fiction from Hazelight Studios. This incredible title overperformed our expectations, captured global attention, and to date has reached nearly 4 million units sold. This success is proof that shared experiences paired with great stories and varied gameplay have the power to break through and capture the imaginations of people around the world.

This quarter was a strong finish to a pivotal year where we acted decisively — realigning resources, managing costs, and focusing on our biggest opportunities. We took important

learnings from Q3 to sharpen our operational discipline, strengthen execution across the business and deliver long-term value for our players, communities, and stockholders.

As we look to the next two years and beyond, we are positioned for strong growth driven by expansion across our live services, new game launches, and building global fandom through new experiences. In FY26, we are launching two of our most iconic franchises, *skate*. and Battlefield.

Built as a dynamic live service, *skate*. is designed to grow alongside its community, offering new ways to express creativity, style, and progression over time. With early access planned for FY26, we're focused on delivering a fun, authentic foundation that we can build on for years to come.

Turning to Battlefield, we're taking a modern, player-first approach to building, testing and marketing this next level experience. Through Battlefield Labs — the biggest playtesting initiative in franchise history — we're engaging players earlier and more meaningfully than ever before, testing at scale, and validating core gameplay experiences to deliver something truly special for our players. Through our play sessions with a core group of Battlefield players across Europe and North America, we've completed thousands of hours of gameplay, and the response has far exceeded expectations: over 600 thousand players have signed up for Labs to date, alongside an amazing 350 million views of Battlefield content since our announcement.

Based on this incredible global demand, we're expanding Labs by inviting more players across Europe and North America, and will begin to include Asia. This marks a key milestone as we prepare for a full worldwide launch. Backed by the largest Battlefield team in our history and grounded in community collaboration, we remain firmly on track for a FY26 release, with a major global reveal later this summer.

As we look to the future of The Sims, our vision is to continue to build the franchise into one of the world's most powerful creator platforms — where self-expression, social connection, and user-generated content converge in exciting new ways. In FY26, we will continue to

empower a new generation of creators and players to shape culture, community, and commerce through The Sims like never before. Looking further ahead, we plan to transform the franchise into a unified ecosystem across games, marketplaces, and social spaces.

We also believe there are more record years to come for EA SPORTS.

The immense opportunity around our Global Football and American Football franchises is that these real-life sports are growing in popularity every year — giving us an inherent multiplier of the total addressable market. This is a unique advantage for us to naturally grow our core player base while greatly expanding our audience.

Across FC, Madden NFL, and College Football, we will continue to focus on our unrivaled core gameplay through innovation and bold moves, like the recent acquisition of TRACAB, that we expect to progress how we deliver more authentic, immersive gameplay than ever before. As we look to expand our audiences, we will use this data to build new ways to play, more ways to connect, and empower our players with new tools to create and share.

Over the next several years you should expect more milestone moments as we work to engage all football fans through EA SPORTS FC, Madden NFL and College Football. Our relaunch of College Football 25 was only the first step in this multi-year growth strategy for American Football. For example, this experience grew our audience by adding over five million new fans to the ecosystem. Looking ahead, our deeper integration between Madden NFL and College Football is setting the stage for a unified massive online community.

Our American Football ecosystem is following the playbook of our hugely successful Global Football franchise — positioning it for long-term success. In Global Football, we've already achieved milestone growth with FC Mobile and FC Online, two key drivers expanding our global reach. Looking ahead, the 2026 World Cup represents a major acquisition opportunity and the next defining moment for the franchise, rooted in deep social connection.

All of this gives us confidence in the long term success of our biggest sports franchises. Across our sports portfolio and beyond, we are on track to deliver growth through new

experiences, deeper integration across platforms, more robust community creation tools, and the EA SPORTS App.

I also want to take a moment to talk about how AI is powering our future. We view AI as a powerful accelerator of creativity, innovation, and player connection. Across our teams, we're investing in new workflows and capabilities to integrate AI to enhance how we build, scale, and personalize experiences — from dynamic in game worlds, to delivering authentic athlete and team likenesses at incredible scale. Our developers are using AI to push the boundaries of what's possible in design, animation, and storytelling, helping us deliver deeper, more immersive gameplay. This is about amplifying the power of this technology to unlock new possibilities for the future of interactive entertainment.

Now, I'll turn the call over to Stuart for a deeper look into the quarter and our business.

Stuart Canfield

Chief Financial Officer

Thanks, Andrew, and good afternoon, everyone.

FY25 was a year of focused execution, as we prioritized our highest-impact initiatives and continued realigning our investments around our long-term growth framework.

That focus was particularly evident in our fourth quarter, where we saw accelerating momentum heading into FY26. Q4 outperformance was driven by exceptional execution from our EA SPORTS FC teams, with the January gameplay update and targeted community-driven tuning. This resulted in a significant rebound in engagement and monetization. Combined with sustained strength in American Football beyond the end of the season, and the breakout success of Split Fiction, we expanded margins, generated strong free cash flow, and returned over \$1 billion to stockholders through our enhanced repurchase program and dividends.

This performance reinforces the execution of our teams and the resilience of our business model, and resulted in a strong close to FY25.

Turning to FY25 results, we delivered net bookings of \$7.36 billion, down 1%. Our expanded American Football ecosystem surpassed \$1 billion in net bookings, up over 70% year over year. Growth was offset by impact from slate timing and softness in Apex Legends.

Full game net bookings was \$2.02 billion, up 1%, driven by strength in EA SPORTS College Football 25 and new blockbuster releases including Split Fiction and Dragon Age: The Veilguard, which offset prior-year contributions from Star Wars Jedi: Survivor and softness in FC 25 full game sales.

Live services net bookings was \$5.34 billion, down 2%, reflecting an approximate four point headwind from Apex Legends in addition to an approximate three point headwind from the December and January softness in FC Ultimate Team. These headwinds were partially offset by the strength of American Football.

Moving to our GAAP results, we delivered net revenue of \$7.46 billion, down 1%.

Cost of revenue decreased by 10% to \$1.54 billion, driving a gross margin of 79.3% – an improvement of nearly 200 basis points – driven in part by lower licensing fees.

Operating expenses were \$4.40 billion, up 2%, with increases in people costs largely offset by cost savings in other areas of the business. Our earnings per share was \$4.25.

We delivered our second highest fiscal year operating cash flow result of \$2.08 billion, as the business continues to be a strong generator of cash. Capital expenditures was \$221 million, resulting in free cash flow of \$1.86 billion.

For the year, we returned 145% of our free cash flow – or \$2.70 billion – to stockholders through our accelerated stock repurchase program, our normal course buybacks, and dividends. Please see our earnings slides for further cash flow information.

Turning to Q4 performance, we delivered net bookings of \$1.80 billion, up 8%, exceeding our January revised guidance by double digits as we rebuilt momentum across the quarter.

Full game net bookings were \$384 million, up 48%, driven by the successful launch of *Split Fiction*, with units sold nearly double our expectations.

Live services and other net bookings were \$1.42 billion, up 1%, exceeding our revised guidance on the strength in FC Ultimate Team, College Football Ultimate Team, and The Sims.

Now, turning to key franchise performances in the fourth quarter–

In Global Football, engagement and monetization rebounded following the January 16th gameplay update. After the gameplay update, FC Ultimate Team posted high single-digit net bookings growth in constant currency, fueled by strong re-engagement from our competitive cohort.

FC Mobile saw double-digit growth in net bookings, ahead of our expectations with the webstore accounting for mid-single-digit percentage of the overall total. FC Mobile continues to be an important contributor to global reach and engagement as we expand and deepen our presence in top geographies that differ from our HD title, particularly in Southeast Asia and the Middle East.

In American Football, late cycle engagement trends remained strong in the ecosystem, with the Q4 average for Weekly Active Users higher than the fiscal year average. In the quarter, College Football Ultimate Team significantly outperformed, with Average Net Bookings Per Spender more than 50% above expectations, driven by high-impact content drops like Rewind and Names of the Game. Madden NFL 25 acquisition also exceeded our expectations driven by expanded platform reach as well as strong late holiday demand for the title relative to prior quarters.

The Sims franchise delivered over 30% net bookings growth in Q4, driven by the 25th birthday celebrations that reignited player engagement and accelerated re-engagement

across the community. The re-release of legacy titles, combined with targeted updates aligned to our broader franchise roadmap, drove higher attach rates, particularly among casual spenders.

On a GAAP basis, we delivered net revenue of \$1.90 billion, up 7%. Cost of revenue was \$368 million, resulting in a gross margin of 80.6%, supported by favorable digital mix.

Operating expenses were \$1.13 billion, down 5%, as we lap a comparable period that included a \$61 million restructuring and related charge.

Earnings per share was \$0.98, up 46%, driven by net revenue growth and improved operating leverage.

Operating cash flow was \$549 million. With capital expenditures of \$54 million, we delivered free cash flow of \$495 million.

Now, moving to our outlook–

We expect fiscal year net bookings of \$7.600 billion to \$8.000 billion, up 3% to 9% year over year.

Our assumptions for FY26 reflect four key factors: first, we expect a Battlefield launch within the fiscal year. Second, we expect growth to be driven by our EA SPORTS portfolio, The Sims franchise, and the launches of Battlefield and skate. Third, while FX remains volatile, our guide assumes an approximate 1 point headwind from FX. Please see our earnings slides for more detail on our currency assumptions. And fourth, we expect an approximate 5 point headwind from catalog and Apex Legends.

In regards to these headwinds: first, our catalog is seeing near-term pressure as we transition to a more focused slate anchored around Massive Online Communities and select Blockbuster Storytelling investments. As a result, catalog is now a smaller contributor to total net bookings than historically, and we expect this shift to weigh on year-over-year comparisons in the year as our portfolio continues its structural transition.

Second, while Apex Legends has tracked in line with our expectations the past two quarters, our FY26 guide assumes an approximately 40% year-over-year decline in net bookings. We expect stronger headwinds in the first half of the fiscal year, followed by more moderate declines in the back half. We continue to focus on delivering for our core players and investing in the long-term evolution of the franchise.

Turning to GAAP, we expect net revenue of \$7.100 billion to \$7.500 billion.

We expect GAAP operating expenses to be \$4.470 billion to \$4.570 billion, up 2% to up 4% year over year, predominantly related to Battlefield marketing.

We expect GAAP operating margin to be 16.3% to 18.9%. We expect non-GAAP operating margin to be 27.2% to 29.2%. The impact from change in deferred net revenue is expected to be approximately 480 to 440 basis points. We expect GAAP EPS of \$3.09 to \$3.79.

We reiterate our financial margin framework through FY27, with margin expansion underpinned by continued live services growth, multiple new planned releases, a World Cup in the summer of 2026, and a milestone moment for EA SPORTS FC.

We expect operating cash flow between \$2.200 billion and \$2.400 billion. With capital expenditures expected to be relatively flat to the prior year at \$225 million, we expect to deliver free cash flow of \$1.975 billion to \$2.175 billion, up 6% to 17%. We remain committed to a strong return-of-capital program, with our goal to return at least 80% of free cash flow with stock repurchases and dividends through FY27.

Now, turning to our Q1 guidance, we expect net bookings for Q1 to be \$1.175 billion to \$1.275 billion, down 7% to up 1%. As is typical for Q1, this reflects seasonally lower contributions from our EA SPORTS portfolio.

Included in our outlook is an approximate 5 point headwind from Apex Legends, which we anticipate will continue at a similar rate through the first half of the fiscal year. We also expect an additional 2 point headwind from catalog.

As a reminder, we expect some of these headwinds, in addition to challenging year over year comparisons, to also weigh on Q2, with growth accelerating in the back half of the year, driven by the typical seasonality of our EA SPORTS franchises, as well as our anticipated Battlefield launch.

For Q1, we expect live services excluding Apex Legends to grow low-single-digits, led by growth in our EA SPORTS portfolio. In particular, EA SPORTS FC is showing positive net bookings momentum through the early weeks of Q1. That said, we are taking a measured view of the quarter overall as Team of the Season – Q1's largest event – remains in progress.

Turning to GAAP, we expect net revenue of \$1.550 billion to \$1.650 billion, cost of revenue to be \$265 million to \$285 million, and operating expenses of approximately \$1.110 billion to \$1.120 billion, up 7% to 8%. Roughly half of this year over year increase is related to continued investments in line with Q4, with the other primary driver of expense growth being costs associated with resource reprioritization.

We expect earnings per share of \$0.49 to \$0.66.

To close, FY25 was a year of focused execution—we delivered strong performance across our biggest franchises, expanded margins, generated over \$2 billion in operating cash flow, and returned \$2.7 billion to stockholders. As we enter FY26 and FY27, we do so from a position of strength and a business structurally positioned for growth and margin expansion—led by sustained leadership in EA SPORTS, The Sims, Battlefield, skate., and unannounced new releases. Our multi-year growth trajectory remains firmly underway, consistent with what we shared at Investor Day, and our conviction in our financial margin

framework remains unchanged. We remain focused on disciplined investment, operational agility, and delivering strong returns.

Now, I'll hand the call back to Andrew.

Andrew Wilson

Chairman & Chief Executive Officer

Thank you, Stuart.

FY25 was a pivotal year for Electronic Arts — a year defined by creative breakthroughs, stronger player connection, and meaningful progress across our portfolio. We sharpened our focus, delivered bold new experiences, and laid the groundwork for an even more ambitious future.

As we look ahead, we are confident in a strong slate of upcoming releases, our strategy to invest in our biggest, long term opportunities, and our focused, well-tested execution approach. With leading IP, transformative technology, a global network of passionate players, and the best creative talent in the industry, EA is uniquely positioned to lead in a rapidly evolving world. We know the road ahead may bring near-term economic uncertainty — but our focus, adaptability, and strategic clarity give us the tools to thrive. This is an important moment for our company, and we've never been more optimistic about what comes next.

Thank you.

And 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, including Electronic Arts' Annual Report on Form 10-K for the fiscal year ended March 31, 2024.

These forward-looking statements are current as of May 6, 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 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, 2025. Electronic Arts assumes no obligation and does not intend to update these estimates prior to filing its Form 10-K for the year ended March 31, 2025.

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.