



Prepared Remarks
Q1 Fiscal 2025

ANDREW UERKWITZ:

Thank you.

Welcome to EA's first quarter 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 Investor Day is scheduled for Tuesday, September 17th and our second quarter fiscal year 2025 earnings call is scheduled for Tuesday, October 29th. 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-K 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, July 30, 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. Hello everyone, and good afternoon.

We started our FY25 strong: we beat our net bookings guidance, and we executed across our business as we entertained and connected hundreds of millions of people around the world. Throughout Q1, we drove progress along our three strategic priorities of entertaining and engaging massive online communities, telling blockbuster stories, and harnessing the power of community in and around our games. This progress paves the way for growth in Q2 and beyond. I am thankful and inspired by the continued incredible work of our fantastic teams to deliver the entertainment that our global community of players wants today and tomorrow.

Our focus continues to center around entertaining more players, for more time, across more geographies. And we believe there are secular tailwinds in social media and sports that favor our enviable position as a company that will drive sustainable long-term growth built across the engagement modalities of play, create, watch and connect.

A fundamental truth of human experience is that people have always come together through sports to compete, collaborate, and celebrate community. Today, EA SPORTS experiences are advancing this truth through incredible authenticity, innovation, and immersion. We are becoming increasingly ingrained in the fabric of sports culture and fandom, as our audiences

look to us for cutting-edge ways to connect with the sports they love and to share that passion with their friends and families all year long. Sport leagues the world over trust us as a powerful, long standing partner, as we work together to engage, entertain and inspire fans across generations and geographies. This is a huge opportunity for our players, our partners and our stockholders.

We believe the lines between traditional sports consumption and interactive sports entertainment will continue to blur as hundreds of millions of fans increasingly connect with their favorite athletes, clubs and competitions through EA SPORTS. This quarter, in EA SPORTS FC 24, our exceptional teams celebrated real-life football events on console, PC and mobile with UEFA EURO 2024 and CONMEBOL Copa America 2024, driving even better than expected monetization. We also released a high-quality, heart-racing title in F1 24 as the sport's current season delivers high levels of drama and competition.

We blurred the lines in Madden NFL 24, connecting real-life cultural events to in-game experiences with live content that fuels deeper engagement. We were onsite for the NFL draft to support the immediate inclusion of rookie players into Madden NFL 24, resulting in an expanded social experience as they played live in front of millions of fans before even stepping on the field. Our teams are also engineering moments that ignite the football fan community with unique and valuable content that extends the in-game experience – like our collaboration to bring leading sports personality Pat McAfee into the game, the special Michael Vick edition, or our in-game Ring of Honor event. These intentional experiences and live content combined with deep and innovative gameplay drove more time spent and increased engagement in our community, and drove momentum and growth in the quarter. This speaks not just to how central the franchise is to the very fabric of American professional football, but also how our games are such a unique and valuable expression of fandom that combines the authenticity of the real-

world sport, deep innovation and gameplay, and creative content that energizes and engages communities, leading to further growth in our business.

As we continue to build massive online communities across our entire sports business, we are equally focused on prioritizing our owned-IP across our broad entertainment portfolio, which contains some of the deepest and most relevant properties in the world.

Apex Legends is an important part of our story. Q1 was largely in line with our expectations, and our commitment to evolving and learning is a foundational part of our strategy to return Apex Legends to growth. During the quarter, our teams continued to introduce changes to this multi-billion-dollar franchise as they test and iterate in the lead up to Seasons 22, 23, and beyond, where they will deliver even more content and bigger advancements, spread across geographies and new modes of play.

We continue to engage and inspire fans across the massive Sims 4 community, as we roll out more content updates to this beloved franchise. Q1 saw healthy engagement throughout the community with excitement building for the launch of the Lovestruck Pack as a throwback to original Sims games with classic items. We are committed to entertaining our loyal Sims 4 fans with 15-plus updates over the coming year, while working on introducing multiple new experiences into the Sims universe over the coming years. We expect all of this to grow our community and deepen engagement with user generated content serving as a growth multiplier to the franchise overall.

As season 7 of Battlefield 2042 wraps up, one thing is clear: each season of the game has shown our team's unique ability to listen, learn, and draw inspiration from the community to deepen connection with the franchise. Players continue to be passionate about the Battlefield

franchise, which has surpassed over 25 million players over the last twelve months. The community is energized by what our teams are doing and excited for what comes next. This is not just one of our top priorities, it is also one of the most ambitious projects in our history. We have brought together the very best team coupled with the resources and technology they need to deliver an epic Battlefield experience.

I am excited about what is to come next, as we continue to make progress across our strategic priorities. As I look to Q2, our sports-packed quarter began with a bang - the successful debut of EA SPORTS College Football 25.

This is a monumental moment for EA SPORTS. We are returning to a sport we love, reimagined for a new generation of platforms, breaking new ground with athletes through the world's largest single sport NIL program, and delivering an experience that has absolutely ignited college football fans – both longtime and new – around the U.S., and across the world. Our multi-year journey to College Football 25 reflects the vision, leadership, and deep determination of our teams, and it is also a testament to the amazing support that we have received from universities, partners, athletes and fans. Thank you ALL for helping us make this possible.

This new College Football experience is an impressive creative and technological achievement. Creating 150 unique stadiums and over 11,000 player likenesses couldn't be done without EA's deep history of being a technology leader, and by our incredibly passionate and talented teams harnessing the power of A.I. and machine learning to deliver truly amazing entertainment. We are also giving players the tools to shape their own experience through Team Builder, an extensive creation and customization UGX suite that enables players to create their own teams, jersey combinations, logos, field designs, and more – and then publish and share their creations within the game. To date, we've already seen nearly one million teams created by our players,

many of which can now be enjoyed by others in the game, deepening social connections and increasing engagement in our community.

College Football continues to elevate EA SPORTS leadership in American football by creating valuable new opportunities for sports fans. The community has embraced our groundbreaking EA SPORTS MVP Bundle of the deluxe editions of EA SPORTS College Football 25 and Madden NFL 25, demonstrating the appetite amongst core fans of the sport for both high-quality NFL and college football experiences.

To further build momentum in our American football ecosystem, the 2025 edition of Madden NFL will significantly push the franchise forward. The title will deliver enhanced audio and visuals, an all-new version of FieldSENSE, and innovative physics technology, getting players even closer to the action with their favorite NFL superstars.

With two unique yet complementary products in the market, this is a huge step forward in significantly growing our American football community. This is just the beginning of what we are going to be able to deliver for fans for the United States' biggest sport.

Following a historic brand relaunch embraced by players, fans, and partners the world over, EA SPORTS FC 25 is going to be a giant step forward. On top of the existing strength of this global franchise, we see many more opportunities to grow its reach, engagement, and impact. We are forecasting franchise growth in FY25. FC 25 will feature more innovation, as well as more realistic and authentic gameplay driven by enhanced tactical sophistication using AI and real-world footballing data. It will also introduce an entirely new, deeply-social 5v5 experience called Rush available across all major modes in the game, and a new content capture and creation

tool. In total, our entire FC platform will be a bigger, deeper set of experiences at the center of the fandom and culture of the World's game.

Looking beyond the second quarter, we continue to make progress across our pipeline to deliver on our strategy. We further engaged and connected with the massive online community of skate as we introduced fans to the lore of San Vansterdam with new gameplay revealed at Summer GameFest. We also unveiled the blockbuster storytelling of Dragon Age: The Veilguard — an epic experience based in an expansive world, filled with arresting visuals, and introducing a cast of diverse, complex characters, and incredible combat all tied together by a rich single-player narrative.

We are committed to delivering more excitement, exploration, creation, and connection for more players and fans across generations, platforms and geographies. And we will achieve this through our passionate and talented teams, our world-class IP, and our ability to drive innovation through our deep expertise in technology, which will accelerate our innovation and our development velocity.

Now, I'd like to hand it off to Stuart for a deeper dive into our business.

STUART CANFIELD:

Thanks Andrew, and good afternoon everyone.

We've had a great start to FY25, with Q1 results beating our own expectations on both the top- and bottom- line as we continue to execute on our strategy and drive progress in delivering against our long-term financial framework of accelerating growth, delivering operating leverage,

and increasing cash flow. Foundational to this execution has been our focused investment in our talented teams to support our growth initiatives and deliver amazing experiences to our fans. Early indicators of this momentum include the outstanding reception for EA SPORTS College Football 25, the promising early signs across both EA SPORTS Madden NFL 25 and EA SPORTS FC 25, plus the announcement of the Dragon Age: The Veilguard release in the fall. As momentum builds, we feel confident in achieving our fiscal year guidance.

Now, turning to our Q1 results.

Our net bookings results were above our expectations as our teams delivered more content to larger audiences resulting in greater-than-anticipated engagement and monetization in our core live services. We also initiated our previously announced enhanced stock repurchase program plan, which is projected to return \$5 billion over the next three years, aligning with our progress towards achieving our long term financial objectives.

In the quarter, we saw total net bookings of \$1.26 billion. As a reminder, our prior year period benefitted from more releases and a World Cup tailwind to our global football business.

Full game net bookings was \$168 million as we compare to three full game title releases from a year ago: Star Wars Jedi: Survivor, EA SPORTS PGA Tour, and Super Mega Baseball 4. Our live services and other net bookings was \$1.09 billion, highlighted by EA SPORTS Madden NFL 24 outperformance in the quarter.

The greater-than-expected results from EA SPORTS Madden NFL 24 are a strong proof point in the power of a thriving community in and around our games. During the quarter, we saw sustained momentum late in the title's cycle with both weekly average users in Ultimate Team

and total net bookings up double-digits year-over-year. As Andrew spoke to earlier, our intentional focus on delivering fun gameplay, real-world connection, and compelling live content year-round is foundational to driving deeper engagement and expanding our communities as we build platforms in and around our games.

Apex Legends' year-over-year declines improved sequentially, and came in line with our expectations. The team remains focused on investing behind and delivering against a yearlong strategy of meaningfully updating the experiences in Seasons 22, 23, and beyond.

Turning to the EA SPORTS FC franchise, results came in better than expected but down for the quarter against double digit growth in the prior year period, which benefited from tailwinds relating to the World Cup. It's worth noting that life-to-date, our new EA SPORTS FC franchise is up mid-single digits versus the prior version. EA SPORTS FC Mobile delivered a record Q1 net bookings result, benefiting from double digit growth in spender acquisition as a result of gameplay improvements and real-life events. FC Mobile is the blueprint for our mobile strategy, grounded in leveraging the expanded access points offered via the mobile platform to continue to grow our largest franchises.

On a GAAP basis, we delivered Q1 net revenue of \$1.66 billion, down 14% year over year. As a reminder, year over year declines were driven primarily by slate timing of full game releases.

GAAP operating expenses were \$1.03 billion, up 2% year over year, primarily driven by focused investments in teams supporting our largest growth opportunities. As a result, earnings per share was \$1.04.

We delivered operating cash flow of \$120 million in the quarter. On a trailing twelve-month basis, free cash flow is \$1.86 billion, up 3% year over year.

In the first quarter, we returned \$425 million to stockholders through stock buybacks and dividends, a 13% year-over-year increase as we implemented our new stock repurchase program.

Now, turning to guidance.

Q2 is an action-packed EA SPORTS quarter, with one successful launch down and two of our biggest launches in Madden NFL 25 and FC 25 coming up. We are also releasing new experiences in some of our largest franchises, like Season 22 for our Apex Legends fans. These efforts underpin our expectation to deliver our largest Q2 net bookings quarter in our history. Let me break down some of the assumptions that are incorporated into our guidance.

First, we have seen an incredible start to EA SPORTS College Football 25 with record week one engagement for our sports franchises in North America, and positive Ultimate Team momentum. We are only eleven days post-launch, but we are very excited about the opportunity to significantly grow our American Football community. Second, we look forward to the launch of EA SPORTS Madden NFL 25, as we continue to deliver a differentiated and outstanding NFL experience following a record-setting EA SPORTS Madden NFL 24. Third, we expect a strong launch to EA SPORTS FC 25 at the end of the quarter, setting up the franchise to grow over EA SPORTS FC 24 for the full year, with new ways to play, tactical improvements, and a revamped social experience expected to drive healthy engagement in our largest community. Fourth, we remain prudent in our approach to Apex Legends, as the team introduces new innovations and

game mechanics to the community with Season 22. And lastly, if rates remain unchanged, we expect minimal impact from FX.

As a result of these assumptions, we expect Q2 net bookings of \$1.95 billion to \$2.05 billion, up 7% to up 13% year over year, or up 8% to up 13% in constant currency.

For the second quarter, we expect GAAP net revenue of \$1.90 billion to \$2.00 billion, and cost of revenue to be \$420 million to \$450 million.

We expect GAAP operating expenses in Q2 to be between \$1.19 billion and \$1.20 billion, up 10% to 11% year over year, driven primarily by restructuring related charges and continued investment behind our long-term growth opportunities.

We expect earnings per share to be approximately \$0.76 to \$0.93. As a reminder, we benefited from a \$92 million one-time tax benefit recognized in the year ago period, and we expect to incur \$65 million in restructuring charges related to our February restructuring event.

Now, turning to the full year.

To date, our execution has been strong and we expect our momentum to continue as we have seen fantastic player response across our EA SPORTS branded titles. We are excited about our upcoming FY25 slate, including EA SPORTS titles Madden NFL 25 and FC 25, and Dragon Age: The Veilguard. We remain focused on executing these title releases and delivering our core live services. As a result, we are reaffirming our fiscal year 2025 net bookings guidance range of \$7.30 billion to \$7.70 billion, down 2% to up 4% year over year.

We are reaffirming our guidance for our other full year metrics.

Our first quarter result is a testament to our incredible brands and our talented teams, who are delivering experiences that continue to grow and engage our communities through innovative and interactive experiences. We saw this execution in our ability to sustain EA SPORTS Madden NFL 24 momentum through the quarter, deliver healthy engagement in our global football business, and continue to improve our mobile business, which remains an important entry point for our largest franchises. Looking forward, we expect to continue to invest with sharpened focus behind our three strategic pillars as we position ourselves for accelerated growth in FY26 and beyond. Our teams look forward to sharing more around our long-term growth opportunities and initiatives at our Investor Day on September 17th.

Now, I'll hand it back to Andrew.

ANDREW WILSON:

Thanks, Stuart.

Our strong Q1 demonstrated the determination of our teams and the resiliency of our business. Traditional entertainment is being challenged as consumer preferences change and technology continues to disrupt business models. We are in a fundamentally different position. We have already navigated our shift in distribution, consumption is only growing and becoming more concentrated in our franchises, and we are unlocking new business models.

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.

And now Stuart and I will take 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 Annual Report on Form 10-K 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 July 30, 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 Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2024. Electronic Arts assumes no obligation and does not intend to update these estimates prior to filing its Form 10-Q for the quarter ended June 30, 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 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.