

# Electronic Arts, Inc.

Strong Q2 upside, and raised FY24 guidance. We remain positive from solid growth outlook. Raising P/T to \$158.

## COMPANY UPDATE

### Rating: BUY

Ticker: EA

Price: \$136.81

Target: \$158  
(from \$146)

**Strong Q2 upside:** EA recently (on November 1) reported its fiscal Q2 FY24 (ending September) results. Revenue was \$1.82 billion (+4% y-o-y), compared to our estimate of \$1.75 billion and consensus of \$1.77 billion. Pro forma EPS was \$1.46, compared to our estimates of \$1.35 and consensus of \$1.25. Q2 guidance was for revenue of \$1.70 – 1.80 billion and for EPS of \$1.10 – 1.30.

**Strong Q2:** The company again reported strong results from its sports games (particularly its new *EA SPORTS FC 24* and older (legacy) *FIFA* games and new release *Madden NFL 24*).

**Strong launch of EA SPORTS FC 24:** Within the first 4 weeks after launch, over 14.5 million players have played *FC 24* on console and PC, including double-digit growth in new players. *FC Mobile* has established new franchise records with over 2 million people installing the game on the first day, over 5 million in the first three days, and over 11 million in the first 10 days.

**Raised FY24 guidance:** We are raising our FY24 estimates for revenue to \$7.80 billion, from \$7.76 billion, and for EPS to \$7.30 from \$7.05. We are maintaining our FY25 estimates for revenue of \$8.00 billion, and for EPS of \$7.70.

**Raising FY24 estimates:** We are raising our FY24 estimates for revenue to \$7.80 billion, from \$7.76 billion, and for EPS to \$7.30 from \$7.05. We are maintaining our FY25 estimates for revenue of \$8.00 billion, and for EPS of \$7.70.

**Launch of EA SPORTS FC:** EA announced (in May 2022) that it will no longer have the FIFA license for its soccer game after 2022's version (*FIFA 23*) is released. After holding the FIFA license for 30 years, EA's soccer game will be rebranded in 2023 as *EA SPORTS FC* (this year's version will be *EAS FC 24*). We note that almost all of the other players, leagues, and teams licenses remain so it should have minimal impact on what is EA's biggest game. The strong recent launch of *FC 24* shows that EA's soccer franchise is strong and remains intact even with the loss of the FIFA license.

**Big games in FY24:** EA has several major titles that should drive a strong FY24, including *Star Wars Jedi: Survivor*, *Immortals of Aveum*, *Lord of the Rings: Heroes of Middle Earth* for mobile, and its strong sports games (soccer, football, hockey, car racing).

**Layoffs:** In March 2023, EA announced that it would lay off about 6% of its workforce and reduce office space to lower costs. We believe these cost cuts will driver higher operating leverage in FY24/25.

**Expect share price gains:** With solid growth expected in digital, key games expected over the next several years, and continued positive benefits from the strong industry growth during the pandemic, we believe a favorable valuation is likely to drive a rebound and growth in EA's share price.

**Valuation attractive:** We are maintaining our BUY rating, but raising our 12-month price target to \$158 from \$146, which is calculated by applying a forward P/E of ~20.5x our FY25 EPS estimate of \$7.70. This multiple is about inline with our estimate of EA's earnings growth rate and we believe appropriately balances its outlook with execution risks.

### Company Description

Based in Redwood City, CA, Electronic Arts is a global publisher, developer, and distributor of interactive entertainment software including the *EA SPORTS*, *Madden NFL*, and *The Sims* games.

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### Stock Data

Exchange:	NasdaqGS
52-week Range:	\$108.53 – 143.47
Shares Outstanding (million):	277
Market cap (\$million):	\$37,896
EV (\$million):	\$37,472
Debt (\$million):	\$1,881
Cash (\$million):	\$2,305
Avg. Daily Trading Vol. (\$million):	\$262
Float (million shares):	243
Short Interest (million shares):	4
Dividend, annual (yield):	\$0.76 (~0.6%)

### Revenues (US\$ million)

	2024E (Cur.)	2024E (Old)	2025E (Cur.)	2025E (Old)
Q1 Jun	1,578A		1,367E	
Q2 Sep	1,820A	1,750E	1,849E	
Q3 Dec	2,495E	2,595E	2,897E	
Q4 Mar	<u>1,908E</u>	<u>1,838E</u>	<u>1,888E</u>	
Total	<b>7,800E</b>	<b>7,760E</b>	<b>8,000E</b>	
EV/Revs	4.8x		4.7x	

### Earnings per Share (pro forma)

	2024E (Cur.)	2024E (Old)	2025E (Cur.)	2025E (Old)
Q1 Jun	1.14A		0.63E	0.63E
Q2 Sep	1.46A	1.35E	1.77E	1.77E
Q3 Dec	3.08E	2.86E	3.39E	3.39E
Q4 Mar	<u>1.61E</u>	<u>1.71E</u>	<u>1.89E</u>	<u>1.89E</u>
Total	<b>\$7.30E</b>	<b>\$7.05E</b>	<b>\$7.70E</b>	<b>\$7.70E</b>
P/E	19x		18x	

### Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

**For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 8.**

## **OVERVIEW**

- EA recently (on November 1) reported its fiscal Q2 FY24 (ending September) results.
- Revenue was \$1.82 billion (+4% y-o-y), compared to our estimate of \$1.75 billion and consensus of \$1.77 billion.
- Pro forma EPS was \$1.46, compared to our estimates of \$1.35 and consensus of \$1.25.
- Q2 guidance was for revenue of \$1.70 – 1.80 billion and for EPS of \$1.10 – 1.30.
- Management maintained FY24 revenue guidance of \$7.30 – 7.70 billion, but raised it for EPS to \$6.60 – 7.20, from \$6.35 – 6.95.
- Initial Q3 guidance is for revenue of \$2.25 – 2.45 billion and for EPS of \$2.70 – 3.00.
- This implies Q4 guidance for revenue of \$1.45 – 2.05 billion and EPS of \$1.00 – 1.90.
- We are raising our FY24 estimates for revenue to \$7.80 billion, from \$7.76 billion, and for EPS to \$7.30 from \$7.05.
- We are maintaining our FY25 estimates for revenue of \$8.00 billion, and for EPS of \$7.70.

## **ADDITIONAL DETAILS (pro forma)**

- Gross profit for the quarter was \$1,381 million, compared with our estimate of \$1,246 million.
- Gross margin for the quarter was 76%, compared with our estimate of 71% and 76% last year.
- Operating expenses were \$904 million, compared with our estimate of \$785 million.
- Operating income was \$477 million, compared with our estimate of \$461 million.
- Pro forma net income was \$398 million, compared with our estimate of \$374 million.
  
- On November 10 2020, Take-Two announced that it has reached an agreement to acquire Codemasters, the UK-based video game publisher and developer, for ~\$994 million. Codemasters had FY20 revenue of ~\$100 million.
- On December 13, 2020, Electronic Arts announced that it has reached an agreement with Codemasters for the recommended acquisition of Codemasters for ~\$1.2 billion (in cash). Take-Two decided to let its offer lapse and EA completed its acquisition of Codemasters on February 18, 2021.
- In February 2021, Electronic Arts announced that it will acquire Glu Mobile Inc., a leading global developer and publisher of mobile games including Design Home, Covet Fashion, and MLB Tap Sports Baseball. Under the terms of the agreement, EA will acquire Glu for \$2.1 billion in enterprise value (\$12.50 in cash for each Glu stock, representing a 36% premium to Glu's share price on February 5, 2021). Upon closing, the acquisition will be immediately accretive to Electronic Arts' total net bookings, and is expected to grow underlying profitability beginning in its first year. The transaction closed in April 2021.
- In June 2021, Electronic Arts announced that it will acquire from AT&T and Warner Bros. Games' Playdemic, Ltd. for \$1.4 billion in cash. Playdemic is a premier mobile gaming company founded in 2010 and known for its popular, award-winning game *Golf Clash*, which is one of the leading mobile games in the U.S. and U.K. with more than 80 million downloads globally to date. This deal closed in September 2021.
- In March 2023, EA announced that it would lay off about 6% of its workforce and reduce office space to lower costs.
- In June 2023, EA appointed Stuart Canfield as its new Chief Financial Officer replacing Chris Suh who left to pursue other interests. Mr. Canfield is a 20 year veteran of EA.

The company's balance sheet is solid with \$2.3 billion in cash and \$1.9 billion in debt (~\$2/share in net cash), compared with \$2.6 billion in cash and \$1.9 billion in debt as of June.

**Exhibit 1: Electronic Arts FY24 Game Release Schedule (as of November 2023)**

## Existing Live Services and FY24 Title Slate



Source: Company reports.

### Exhibit 2: Electronic Arts Stock Price (Five Years)



Source: <https://bigcharts.marketwatch.com/>

### Exhibit 3: Consensus Expectations (as of November 1, 2023)

	Revenue (mils)			EPS	
	2024E	2025E		2024E	2025E
Q1 Jun	\$1,578A		Q1 Jun	\$1.14A	
Q2 Sep	\$1,773E		Q2 Sep	\$1.25E	
Q3 Dec	\$2,332E		Q3 Dec	\$2.79E	
Q4 Mar			Q4 Mar		
Total	\$7,572E	\$8,096E	Total	\$6.83E	\$7.68E

\*Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.

Source: Company report, Refinitiv, and Ascendant Capital Markets estimates

## FINANCIAL MODEL

### Electronic Arts, Inc. Pro Forma Income Statement

Income Statement (\$ in millions) Fiscal Year End: March 31	Jun-21 1QA	Sep-21 2QA	Dec-21 3QA	Mar-22 4QA	2022 FY-A	Jun-22 1QA	Sep-22 2QA	Dec-22 3QA	Mar-23 4QA	2023 FY-A	Jun-23 1QA	Sep-23 2QA	Dec-23 3QE	Mar-24 4QE	2024 FY-E	Jun-24 1QE	Sep-24 2QE	Dec-24 3QE	Mar-25 4QE	2025 FY-E
<b>Net Revenues (non GAAP)</b>	<b>1,336</b>	<b>1,851</b>	<b>2,577</b>	<b>1,751</b>	<b>7,515</b>	<b>1,299</b>	<b>1,754</b>	<b>2,342</b>	<b>1,946</b>	<b>7,341</b>	<b>1,578</b>	<b>1,820</b>	<b>2,495</b>	<b>1,908</b>	<b>7,800</b>	<b>1,367</b>	<b>1,849</b>	<b>2,897</b>	<b>1,888</b>	<b>8,000</b>
Cost of Goods Sold	292	470	586	372	1,720	282	422	540	421	1,665	350	439	739	613	2,141	519	559	914	542	2,534
Gross Profit	1,044	1,381	1,991	1,379	5,795	1,017	1,332	1,802	1,525	5,676	1,228	1,381	1,756	1,295	5,659	848	1,290	1,983	1,346	5,466
Research & Devel.	430	452	453	495	1,830	491	470	461	539	1,961	503	489	370	380	1,742	365	380	410	380	1,535
Sales & Marketing	178	218	279	232	907	221	217	241	240	919	218	267	195	195	875	137	175	225	152	689
General & Admin.	142	145	135	139	561	138	146	133	151	568	137	148	140	170	595	130	130	180	160	600
Restructuring and Other Charges																				
Amortization of Intangibles																				
Total Operating Expenses	750	815	867	866	3,298	850	833	835	930	3,448	858	904	705	745	3,212	632	685	815	692	2,824
Operating Income (loss)	294	566	1,124	513	2,497	167	499	967	595	2,228	370	477	1,051	550	2,447	216	605	1,168	654	2,642
Interest Income	(14)	(14)	(11)	(9)	(48)	(5)	-	(7)	6	(6)	14	14	1	1	30	1	1	1	1	4
Income before Taxes	280	552	1,113	504	2,449	162	499	960	601	2,222	384	491	1,052	551	2,477	217	606	1,169	655	2,646
Income Taxes	50	99	200	91	441	31	95	182	114	422	73	93	200	105	471	41	115	222	124	503
Income b/f minority interest	230	453	913	413	2,008	131	404	778	487	1,800	311	398	852	446	2,007	176	491	947	531	2,144
Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Income</b>	<b>230</b>	<b>453</b>	<b>913</b>	<b>413</b>	<b>2,008</b>	<b>131</b>	<b>404</b>	<b>778</b>	<b>487</b>	<b>1,800</b>	<b>311</b>	<b>398</b>	<b>852</b>	<b>446</b>	<b>2,007</b>	<b>176</b>	<b>491</b>	<b>947</b>	<b>531</b>	<b>2,144</b>
EBITDA	524	809	1,399	779	3,511	406	766	1,230	910	3,312	588	717	1,126	625	3,055	291	680	1,243	729	2,942
Shares, Basic	286	285	283	281	284	279	278	276	274	277	272	271	277	277	274	277	278	279	280	279
Shares, Diluted	289	287	285	283	286	281	279	278	274	278	274	272	277	277	275	277	278	279	280	279
EPS (Basic pro forma)	0.80	1.59	3.22	1.47	7.08	0.47	1.45	2.82	1.78	6.50	1.14	1.47	3.08	1.61	7.32	0.63	1.77	3.39	1.89	7.70
<b>EPS (Diluted pro forma)</b>	<b>0.79</b>	<b>1.58</b>	<b>3.20</b>	<b>1.46</b>	<b>7.02</b>	<b>0.47</b>	<b>1.45</b>	<b>2.80</b>	<b>1.78</b>	<b>6.47</b>	<b>1.14</b>	<b>1.46</b>	<b>3.08</b>	<b>1.61</b>	<b>7.30</b>	<b>0.63</b>	<b>1.77</b>	<b>3.39</b>	<b>1.89</b>	<b>7.70</b>

#### Percentage Analysis

##### % of Sales

Gross Margin	78%	75%	77%	79%	77%	78%	76%	77%	78%	77%	78%	76%	70%	68%	73%	62%	70%	68%	71%	68%
Research & Devel.	32%	24%	18%	28%	24%	38%	27%	20%	28%	27%	32%	27%	15%	20%	22%	27%	21%	14%	20%	19%
Sales & Marketing	13%	12%	11%	13%	12%	17%	12%	10%	12%	13%	14%	15%	8%	10%	11%	10%	9%	8%	8%	9%
General & Admin.	11%	8%	5%	8%	7%	11%	8%	6%	8%	8%	9%	8%	6%	9%	8%	10%	7%	6%	8%	7%
Operating Profit	22%	31%	44%	29%	33%	13%	28%	41%	31%	30%	23%	26%	42%	29%	31%	16%	33%	40%	35%	33%
Net Income	17%	24%	35%	24%	27%	10%	23%	33%	25%	25%	20%	22%	34%	23%	26%	13%	27%	33%	28%	27%

##### YY % Change

Total Revenue	-4%	103%	7%	18%	21%	-3%	-5%	-9%	11%	-2%	21%	4%	7%	-2%	6%	-13%	2%	16%	-1%	3%
Gross Margin	-5%	121%	11%	17%	23%	-3%	-4%	-9%	11%	-2%	21%	4%	-3%	-15%	0%	-31%	-7%	13%	4%	-3%
Research & Devel.	16%	30%	20%	25%	23%	14%	4%	2%	9%	7%	2%	4%	-20%	-29%	-11%	-27%	-22%	11%	0%	-12%
Sales & Marketing	62%	51%	36%	26%	41%	24%	0%	-14%	3%	1%	-1%	23%	-19%	-19%	-5%	-37%	-34%	15%	-22%	-21%
General & Admin.	27%	34%	9%	-7%	14%	-3%	1%	-1%	9%	1%	-1%	1%	5%	13%	5%	-5%	-12%	29%	-6%	1%
Operating Profit	-42%	1996%	3%	15%	20%	-43%	-12%	-14%	16%	-11%	122%	-4%	9%	-8%	10%	-42%	27%	11%	19%	8%
Net Income	-45%	3147%	2%	16%	20%	-43%	-11%	-15%	18%	-10%	137%	-2%	10%	-8%	11%	-44%	23%	11%	19%	7%

Source: Company reports and Ascendant Capital Markets estimates

**Electronic Arts, Inc.**

<b>Balance Sheet (\$ millions)</b> Fiscal Year End: March 31	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
	1QA	2QA	3QA	4QA	1QA	2QA	3QA	4QA	1QA	2QA	3QE	4QE	1QE	2QE	3QE	4QE
<b>ASSETS</b>																
Cash and Cash Equivalents	2,838	1,630	2,670	2,732	2,082	1,539	2,202	2,424	2,259	1,946	2,577	3,803	3,046	3,626	3,873	5,362
Marketable securities	881	342	346	330	334	335	351	343	343	359	359	359	359	359	359	359
A/R - net	557	1,031	965	650	579	919	836	684	517	1,047	1,255	583	1,114	899	1,501	575
Inventory											77	128	146	117	94	114
Other deferred																
Other current assets (& Prepaid Royalties)	401	387	377	439	522	649	453	518	455	492	492	492	492	492	492	492
<b>Total Current Assets</b>	<b>4,677</b>	<b>3,390</b>	<b>4,358</b>	<b>4,151</b>	<b>3,517</b>	<b>3,442</b>	<b>3,842</b>	<b>3,969</b>	<b>3,574</b>	<b>3,844</b>	<b>4,759</b>	<b>5,366</b>	<b>5,158</b>	<b>5,493</b>	<b>6,319</b>	<b>6,901</b>
Property and equipment, net	510	516	522	550	545	531	553	549	545	542	542	542	542	542	542	542
Long term investments																
Investment in affiliates																
Goodwill and other intangibles	5,165	6,539	6,441	6,349	6,275	6,186	6,115	5,998	5,958	5,916	5,912	5,908	5,904	5,900	5,896	5,892
Other assets (& Deferred Income Tax)	2,382	2,574	2,609	2,750	2,855	2,920	2,960	2,943	3,006	2,837	2,837	2,837	2,837	2,837	2,837	2,837
<b>TOTAL ASSETS</b>	<b>\$ 12,734</b>	<b>\$ 13,019</b>	<b>\$ 13,930</b>	<b>\$ 13,800</b>	<b>\$ 13,192</b>	<b>\$ 13,079</b>	<b>\$ 13,470</b>	<b>\$ 13,459</b>	<b>\$ 13,083</b>	<b>\$ 13,139</b>	<b>\$ 14,050</b>	<b>\$ 14,653</b>	<b>\$ 14,441</b>	<b>\$ 14,772</b>	<b>\$ 15,594</b>	<b>\$ 16,172</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>																
Short term debt																
A/P	73	136	86	101	70	136	62	99	75	152	255	427	364	391	314	379
Accrued Liabilities	1,093	1,119	1,443	1,388	1,215	1,034	1,243	1,285	1,145	1,138	1,138	1,138	1,138	1,138	1,138	1,138
Deferred Revenues	1,305	1,322	2,101	2,024	1,548	1,391	1,808	1,901	1,580	1,498	1,939	2,534	1,672	1,498	1,939	2,534
<b>Total Current Liabilities</b>	<b>2,471</b>	<b>2,577</b>	<b>3,630</b>	<b>3,513</b>	<b>2,833</b>	<b>2,561</b>	<b>3,113</b>	<b>3,285</b>	<b>2,800</b>	<b>2,788</b>	<b>3,332</b>	<b>4,099</b>	<b>3,174</b>	<b>3,027</b>	<b>3,390</b>	<b>4,051</b>
Long term debt	1,877	1,877	1,878	1,878	1,878	1,879	1,879	1,880	1,880	1,881	1,881	1,881	1,881	1,881	1,881	1,881
Minority Interest & Other long term liabilities	658	709	805	784	840	841	927	1,001	1,069	895	895	895	895	895	895	895
Common stock	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Additional paid-in capital																
Accumulated other comprehensive loss	(35)	(2)	6	15	71	137	(37)	(67)	(75)	(34)	(84)	(134)	(184)	(234)	(284)	(334)
Retained earnings	7,760	7,855	7,608	7,607	7,567	7,658	7,585	7,357	7,406	7,606	8,023	7,909	8,671	9,200	9,709	9,676
<b>Total Shareholders' Equity</b>	<b>7,728</b>	<b>7,856</b>	<b>7,617</b>	<b>7,625</b>	<b>7,641</b>	<b>7,798</b>	<b>7,551</b>	<b>7,293</b>	<b>7,334</b>	<b>7,575</b>	<b>7,942</b>	<b>7,778</b>	<b>8,490</b>	<b>8,969</b>	<b>9,428</b>	<b>9,345</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 12,734</b>	<b>\$ 13,019</b>	<b>\$ 13,930</b>	<b>\$ 13,800</b>	<b>\$ 13,192</b>	<b>\$ 13,079</b>	<b>\$ 13,470</b>	<b>\$ 13,459</b>	<b>\$ 13,083</b>	<b>\$ 13,139</b>	<b>\$ 14,050</b>	<b>\$ 14,653</b>	<b>\$ 14,441</b>	<b>\$ 14,772</b>	<b>\$ 15,594</b>	<b>\$ 16,172</b>
<b>Activity Ratios</b>																
A/R Days Sales Outstanding	38	50	34	33	40	47	32	32	29	52	55	40	45	40	55	40
Inventory Turnover	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	40x	20x	15x	20x	40x	20x
A/P Days Payable	21	25	12	22	20	26	10	20	18	30	30	60	60	60	30	60
<b>Book &amp; Cash Value (per share)</b>																
Book Value per Share (diluted)	\$ 26.74	\$ 27.37	\$ 26.73	\$ 26.94	\$ 27.19	\$ 27.95	\$ 27.16	\$ 26.62	\$ 26.77	\$ 27.85	\$ 28.67	\$ 28.08	\$ 30.65	\$ 32.26	\$ 33.79	\$ 33.38
Cash per Share (diluted)	\$ 12.87	\$ 6.87	\$ 10.58	\$ 10.82	\$ 8.60	\$ 6.72	\$ 9.18	\$ 10.10	\$ 9.50	\$ 8.47	\$ 10.60	\$ 15.03	\$ 12.29	\$ 14.33	\$ 15.17	\$ 20.43
Net Cash per Share (diluted)	\$ 6.37	\$ 0.33	\$ 3.99	\$ 4.18	\$ 1.91	\$ (0.02)	\$ 2.42	\$ 3.24	\$ 2.64	\$ 1.56	\$ 3.81	\$ 8.24	\$ 5.50	\$ 7.57	\$ 8.43	\$ 13.71

Source: Company reports and Ascendant Capital Markets estimates

Electronic Arts, Inc.

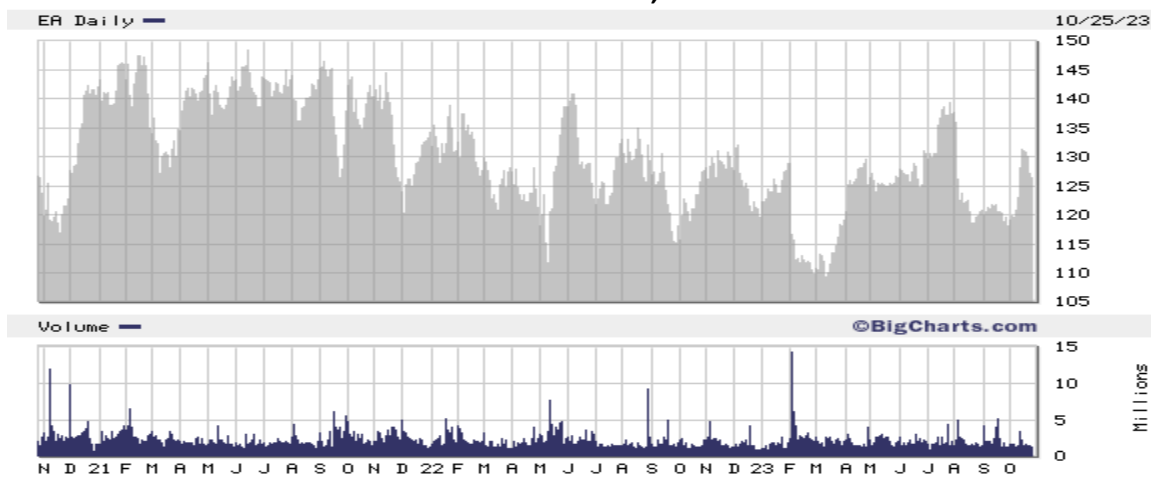
Cash Flow Statement (\$ millions)	Jun-21	Sep-21	Dec-21	Mar-22	2022	Jun-22	Sep-22	Dec-22	Mar-23	2023	Jun-23	Sep-23	Dec-23	Mar-24	2024	Jun-24	Sep-24	Dec-24	Mar-25	2025	
Fiscal Year End: March 31	1QA	2QA	3QA	4QA	FY-A	1QA	2QA	3QA	4QA	FY-A	1QA	2QA	3QE	4QE	FY-E	1QE	2QE	3QE	4QE	FY-E	
<b>OPERATING ACTIVITIES:</b>																					
Net Income	204	294	66	225	789	311	299	204	(12)	802	402	399	417	(114)	1,104	762	529	508	(32)	1,767	
Minority interest in consolidated joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity in net loss of affiliates / minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on sale of affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	105	94	146	141	486	114	127	122	173	536	88	85	25	25	223	25	25	25	25	100	
Stock comp	125	149	129	125	528	125	140	141	142	548	130	155	50	50	385	50	50	50	50	200	
Amortization	-	-	-	-	-	-	-	-	-	-	-	-	4	4	8	4	4	4	4	16	
Acquisition Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Loss on sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gain on sale of marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-	-	3	3	6	3	3	3	3	12	
Charge for acquired in-process R&D and other charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Tax benefit from exercise of stock options	-	-	-	-	-	-	-	-	-	-	-	-	(50)	(50)	(100)	(50)	(50)	(50)	(50)	(200)	
Change in assets and liabilities, net of acquisitions:																					
Receivables	12	(458)	56	313	(77)	70	(346)	90	152	(34)	167	(534)	(211)	669	91	(534)	212	(605)	923	(3)	
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	(77)	(51)	(128)	(18)	28	23	(20)	14	
Other assets	(74)	23	(24)	(82)	(157)	(15)	(10)	(28)	(50)	(103)	96	(22)	-	-	74	-	-	-	-	-	
Accounts payable	(19)	61	(51)	2	(7)	(16)	69	(74)	31	10	(18)	75	103	172	332	(63)	26	(77)	66	(48)	
Accrued liabilities	(302)	52	433	(14)	169	(105)	(234)	297	106	64	(92)	(165)	-	-	(257)	-	-	-	-	-	
Deferred revenue and income taxes	(194)	(151)	779	(266)	168	(562)	(157)	371	75	(273)	(414)	119	441	595	741	(862)	(174)	441	595	-	
<b>Net cash provided by operating activities</b>	<b>(143)</b>	<b>64</b>	<b>1,534</b>	<b>444</b>	<b>1,899</b>	<b>(78)</b>	<b>(112)</b>	<b>1,123</b>	<b>617</b>	<b>1,550</b>	<b>359</b>	<b>112</b>	<b>706</b>	<b>1,302</b>	<b>2,478</b>	<b>(682)</b>	<b>654</b>	<b>323</b>	<b>1,564</b>	<b>1,859</b>	
<b>INVESTING ACTIVITIES:</b>																					
Proceeds from sale of property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds from sales of marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds from the sale of affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital Expenditures	(44)	(43)	(48)	(53)	(188)	(59)	(53)	(48)	(47)	(207)	(45)	(51)	(25)	(25)	(146)	(25)	(25)	(25)	(25)	(100)	
Investment in affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase of marketable securities	222	537	(4)	20	775	(6)	(1)	(13)	10	(10)	1	(12)	-	-	(11)	-	-	-	-	-	
Proceeds from maturity of securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Change in short-term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Acquisition of Pogo Corporation, net of cash acquired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Acquisition of Westwood Studios, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Acquisition of Kesmai	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Acquisition of other subsidiaries, net of cash	(1,989)	(1,405)	3	(3,391)	(3,391)	(65)	(54)	(61)	(37)	(217)	(44)	(63)	(25)	(25)	(157)	(25)	(25)	(25)	(25)	(100)	
<b>Net cash used in investing activities</b>	<b>(1,811)</b>	<b>(911)</b>	<b>(49)</b>	<b>(33)</b>	<b>(2,804)</b>	<b>(65)</b>	<b>(54)</b>	<b>(61)</b>	<b>(37)</b>	<b>(217)</b>	<b>(44)</b>	<b>(63)</b>	<b>(25)</b>	<b>(25)</b>	<b>(157)</b>	<b>(25)</b>	<b>(25)</b>	<b>(25)</b>	<b>(25)</b>	<b>(100)</b>	
<b>FINANCING ACTIVITIES:</b>																					
Proceeds from debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds from sales of shares through stock	(154)	(16)	(72)	(11)	(253)	(104)	30	(44)	(14)	(132)	(105)	25	-	-	(80)	-	-	-	-	-	
Proceeds from sales of shares and other	41	3	33	33	77	1	3	33	33	37	-	-	-	-	-	-	-	-	-	-	
Purchase of treasury shares/dividends	(325)	(373)	(373)	(373)	(1,444)	(373)	(378)	(377)	(377)	(1,505)	(377)	(376)	(50)	(50)	(853)	(50)	(50)	(50)	(50)	(200)	
Proceeds from minority interest in cons. joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Net cash provided by financing activities</b>	<b>(479)</b>	<b>(348)</b>	<b>(442)</b>	<b>(351)</b>	<b>(1,620)</b>	<b>(476)</b>	<b>(348)</b>	<b>(418)</b>	<b>(358)</b>	<b>(1,600)</b>	<b>(482)</b>	<b>(351)</b>	<b>(50)</b>	<b>(50)</b>	<b>(933)</b>	<b>(50)</b>	<b>(50)</b>	<b>(50)</b>	<b>(50)</b>	<b>(200)</b>	
Effect of exchange rate on cash and cash equivalents	11	(13)	(3)	2	(3)	(31)	(29)	19	-	(41)	2	(11)	-	-	(9)	-	-	-	-	-	
<b>Net increase (decrease) in cash and equivalents</b>	<b>(2,422)</b>	<b>(1,208)</b>	<b>1,040</b>	<b>62</b>	<b>(2,528)</b>	<b>(650)</b>	<b>(543)</b>	<b>663</b>	<b>222</b>	<b>(308)</b>	<b>(165)</b>	<b>(313)</b>	<b>631</b>	<b>1,227</b>	<b>1,379</b>	<b>(757)</b>	<b>579</b>	<b>248</b>	<b>1,489</b>	<b>1,559</b>	
<b>Beginning cash and equivalents</b>	<b>5,260</b>	<b>2,838</b>	<b>1,630</b>	<b>2,670</b>	<b>5,260</b>	<b>2,732</b>	<b>2,082</b>	<b>1,539</b>	<b>2,202</b>	<b>2,732</b>	<b>2,424</b>	<b>2,259</b>	<b>1,946</b>	<b>2,577</b>	<b>2,424</b>	<b>3,803</b>	<b>3,046</b>	<b>3,626</b>	<b>3,873</b>	<b>3,803</b>	
<b>Ending cash and equivalents</b>	<b>2,838</b>	<b>1,630</b>	<b>2,670</b>	<b>2,732</b>	<b>2,732</b>	<b>2,082</b>	<b>1,539</b>	<b>2,202</b>	<b>2,424</b>	<b>2,424</b>	<b>2,259</b>	<b>1,946</b>	<b>2,577</b>	<b>3,803</b>	<b>3,803</b>	<b>3,046</b>	<b>3,626</b>	<b>3,873</b>	<b>5,362</b>	<b>5,362</b>	

Source: Company reports and Ascendant Capital Markets estimates

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Each analyst hereby certifies that the views expressed in this report reflect the analyst’s personal views about the subject securities or issuers. Each analyst also certifies that no part of the analyst’s compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The analyst who prepared this report is compensated based upon the overall profitability of Ascendant Capital Markets, LLC, which may, from time to time, include the provision of investment banking, financial advisory and consulting services. Compensation for research is based on effectiveness in generating new ideas for clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

### Electronic Arts, Inc.



Source: <https://bigcharts.marketwatch.com/>

	Report Date		Price
Report	Date	Rating	Target
39	1/31/2018	B	138.00
40	5/9/2018	B	150.00
41	7/29/2018	B	155.00
42	10/31/2018	B	112.00
43	2/7/2019	B	100.00
44	5/9/2019	B	110.00
45	8/2/2019	B	112.00
46	10/31/2019	B	110.00
47	2/3/2020	B	121.00
48	6/6/2020	B	138.00
49	8/23/2020	B	165.00
50	12/7/2020	B	167.00
51	2/24/2021	B	170.00
52	6/20/2021	B	171.00
53	9/14/2021	B	175.00
54	1/9/2022	B	170.00
55	4/12/2022	B	158.00
56	6/12/2022	B	160.00
57	9/13/2022	B	156.00
58	12/17/2022	B	152.00
59	4/8/2023	B	145.00
60	6/7/2023	B	154.00
61	9/17/2023	B	146.00

- Ascendant Capital Markets, LLC has not received compensation for advisory or investment banking services from the company in the past 12 month.



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**BUY:** We expect the stock to provide a total return of 15% or more within a 12-month period.

**HOLD:** We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

**SELL:** We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

### Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of October 13, 2023)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	51	98%	19	37%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	52	100%	19	37%

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