

Electronic Arts, Inc.

Q3 miss, and lowered FY23 guidance again. We still remains positive from solid growth outlook. Lowering P/T to \$145.

COMPANY UPDATE

Rating: BUY

Ticker: EA

Price: \$125.16

Target: \$145
(from \$152)

Q3 miss: EA recently (on January 31) reported its fiscal Q3 FY23 (ending December) results. Revenue was \$2.34 billion (-9% y-o-y), compared to our estimate of \$2.60 billion and consensus of \$2.50 billion. Pro forma EPS was \$2.80, compared to our estimates of \$3.17 and consensus of \$3.04. Q3 guidance was for revenue of \$2.425 – 2.525 billion and for EPS of \$2.90 – 3.10.

Mixed Q3: The company again reported strong results from its sports games (particularly *FIFA* with *FIFA 23* helped by the FIFA World Cup (in Qatar) tournament). *EA SPORTS FIFA 23* is pacing to be the biggest title in franchise history and delivered record engagement in Q3. However, some of its other new releases did not perform well and there was some weakness in *Apex Legends* reflecting weaker macro and video game industry slowdowns.

Star Wars Jedi: Survivor now FY24: EA announced that it moved its major new game *Star Wars Jedi: Survivor's* launch date to April 28, 2023 from Q4 FY23 in order to give it more time to be completed. This shift out of FY23 resulted in most of the company's newly lowered FY23 guidance.

FY23 guidance lowered due game shift: Management lowered FY23 guidance for revenue to \$7.07 – 7.17 billion, from \$7.65 – 7.85 billion, and for EPS to \$5.90 – 6.10, from \$6.95 – 7.25. This is primarily due to the move out of FY23 to FY24 of *Star Wars Jedi: Survivor*.

FY24 guidance: The company provided initial general qualitative FY24 guidance for revenue and earnings to grow “mid-single-digits”

Lowering estimates: We are lowering our FY23 estimates for revenue to \$7.10 billion, from \$7.95 billion, and for EPS to \$6.00 from \$7.35. We are lowering our FY24 estimates for revenue to \$7.40 billion, from \$8.40 billion, and for EPS to \$6.60 from \$8.00.

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. 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.

Layoffs: In March 2023, EA announced that it would lay off about 6% of its workforce and reduce office space to lower costs.

Expect share price rebound: 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 lowering our 12-month price target to \$145 from \$152, which is calculated by applying a forward P/E of ~22x our FY24 EPS estimate of \$6.60. 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.

April 8, 2023

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Stock Data

Exchange:	NasdaqGS
52-week Range:	\$108.53 – 142.79
Shares Outstanding (million):	279
Market cap (\$million):	\$34,920
EV (\$million):	\$34,246
Debt (\$million):	\$1,879
Cash (\$million):	\$2,553
Avg. Daily Trading Vol. (\$million):	\$325
Float (million shares):	257
Short Interest (million shares):	4
Dividend, annual (yield):	\$0.76 (~0.6%)

Revenues (US\$ million)

	2023E (Cur.)	2023E (Old)	2024E (Cur.)	2024E (Old)
Q1 Jun	1,299A		1,217E	1,467E
Q2 Sep	1,754A		1,699E	1,949E
Q3 Dec	2,342A	2,600E	2,747E	2,997E
Q4 Mar	<u>1,708E</u>	<u>2,297E</u>	<u>1,738E</u>	<u>1,988E</u>
Total	7,103E	7,950E	7,400E	8,400E
EV/Revs	4.8x		4.6x	

Earnings per Share (pro forma)

	2023E (Cur.)	2023E (Old)	2024E (Cur.)	2024E (Old)
Q1 Jun	0.47A		0.42E	0.84E
Q2 Sep	1.45A		1.52E	1.86E
Q3 Dec	2.80A	3.17E	3.01E	3.33E
Q4 Mar	<u>1.30E</u>	<u>2.27E</u>	<u>1.64E</u>	<u>1.96E</u>
Total	\$6.00E	\$7.35E	\$6.60E	\$8.00E
P/E	21x		19x	

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 January 31) reported its fiscal Q3 FY23 (ending December) results.
- Revenue was \$2.34 billion (-9% y-o-y), compared to our estimate of \$2.60 billion and consensus of \$2.50 billion.
- Pro forma EPS was \$2.80, compared to our estimates of \$3.17 and consensus of \$3.04.
- Q3 guidance was for revenue of \$2.425 – 2.525 billion and for EPS of \$2.90 – 3.10.
- Management lowered FY23 guidance for revenue to \$7.07 – 7.17 billion, from \$7.65 – 7.85 billion, and for EPS to \$5.90 – 6.10, from \$6.95 – 7.25.
- Initial Q4 guidance is for revenue of \$1.675 – 1.775 billion and for EPS of \$1.20 – 1.40. This compares with prior implied Q4 guidance for revenue of \$2.07 – 2.37 billion and EPS of \$1.93 – 2.43.
- The company provided initial general qualitative FY24 guidance for revenue and earnings to grow “mid-single-digits”
- We are lowering our FY23 estimates for revenue to \$7.10 billion, from \$7.95 billion, and for EPS to \$6.00 from \$7.35.
- We are lowering our FY24 estimates for revenue to \$7.40 billion, from \$8.40 billion, and for EPS to \$6.60 from \$8.00.

ADDITIONAL DETAILS (pro forma)

- Gross profit for the quarter was \$1,802 million, compared with our estimate of \$1,862 million.
- Gross margin for the quarter was 77%, compared with our estimate of 72% and 77% last year.
- Operating expenses were \$835 million, compared with our estimate of \$768 million.
- Operating income was \$967 million, compared with our estimate of \$1,094 million.
- Pro forma net income was \$778 million, compared with our estimate of \$887 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.

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

Exhibit 1: Electronic Arts FY23 Game Release Schedule (as of January 2023)

FY23 Title Slate

Q1

F1 22

Q2

FIFA 23
Madden NFL 23

Q3

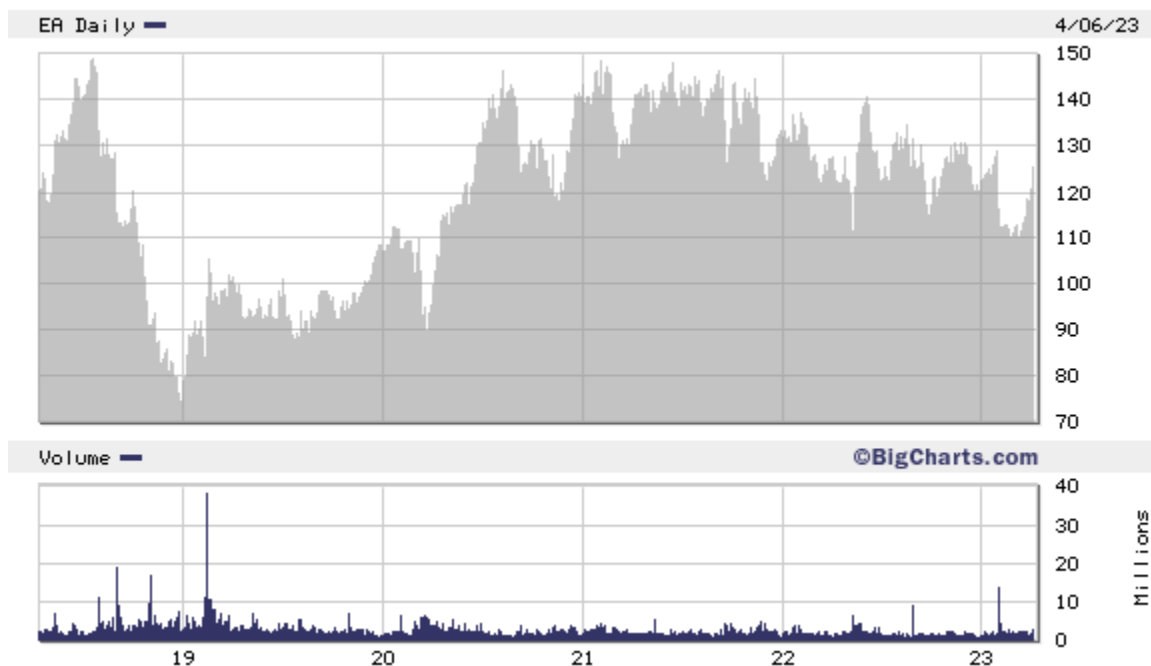
Need for Speed Unbound
NHL 23

Q4

Dead Space
PGA TOUR
Super Mega Baseball
Wild Hearts

Source: Company reports.

Exhibit 2: Electronic Arts Stock Price (Five Years)



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

Exhibit 3: Consensus Expectations (as of January 31, 2023)

	Revenue (mils)			EPS	
	2023E	2024E		2023E	2024E
Q1 Jun	\$1,299A		Q1 Jun	\$0.47A	
Q2 Sep	\$1,754A		Q2 Sep	\$1.45A	
Q3 Dec	\$2,497E		Q3 Dec	\$3.04E	
Q4 Mar	\$2,212E		Q4 Mar	\$2.21E	
Total	\$7,740E	\$8,188E	Total	\$7.15E	\$7.74E

*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-20 1QA	Sep-20 2QA	Dec-20 3QA	Mar-21 4QA	2021 FY-A	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 4QE	2023 FY-E	Jun-23 1QE	Sep-23 2QE	Dec-23 3QE	Mar-24 4QE	2024 FY-E
Net Revenues (non GAAP)	1,390	910	2,400	1,490	6,190	1,336	1,851	2,577	1,751	7,515	1,299	1,754	2,342	1,708	7,103	1,217	1,699	2,747	1,738	7,400
Cost of Goods Sold	287	284	600	314	1,485	292	470	586	372	1,720	282	422	540	506	1,750	442	489	889	476	2,296
Gross Profit	1,103	626	1,800	1,176	4,705	1,044	1,381	1,991	1,379	5,795	1,017	1,332	1,802	1,201	5,352	775	1,210	1,858	1,262	5,104
Research & Devel.	372	347	377	397	1,493	430	452	453	495	1,830	491	470	461	380	1,802	365	380	410	380	1,535
Sales & Marketing	110	144	205	184	643	178	218	279	232	907	221	217	241	205	884	137	175	225	152	689
General & Admin.	112	108	124	149	493	142	145	135	139	561	138	146	133	170	587	130	130	180	160	600
Restructuring and Other Charges																				
<u>Amortization of Intangibles</u>																				
Total Operating Expenses	594	599	706	730	2,629	750	815	867	866	3,298	850	833	835	755	3,273	632	685	815	692	2,824
Operating Income (loss)	509	27	1,094	446	2,076	294	566	1,124	513	2,497	167	499	967	446	2,079	143	525	1,043	570	2,280
Interest Income	(3)	(10)	(6)	(10)	(29)	(14)	(14)	(11)	(9)	(48)	(5)	-	(7)	1	(11)	1	1	1	1	4
Income before Taxes	506	17	1,088	436	2,047	280	552	1,113	504	2,449	162	499	960	447	2,068	144	526	1,044	571	2,284
Income Taxes	91	3	196	78	368	50	99	200	91	441	31	95	182	85	393	27	100	198	108	434
Income b/f minority interest	415	14	892	358	1,679	230	453	913	413	2,008	131	404	778	362	1,675	117	426	845	462	1,850
<u>Minority Interest</u>																				
Net Income	415	14	892	358	1,679	230	453	913	413	2,008	131	404	778	362	1,675	117	426	845	462	1,850
EBITDA	648	180	1,251	613	2,692	524	809	1,399	779	3,511	406	766	1,230	521	2,923	218	600	1,118	645	2,580
Shares, Basic	288	289	290	288	289	286	285	283	281	284	279	278	276	277	278	277	278	279	280	279
Shares, Diluted	292	293	292	290	292	289	287	285	283	286	281	279	278	279	279	279	280	281	282	281
EPS (Basic pro forma)	1.44	0.05	3.08	1.24	5.81	0.80	1.59	3.22	1.47	7.08	0.47	1.45	2.82	1.31	6.04	0.42	1.53	3.03	1.65	6.64
EPS (Diluted pro forma)	1.42	0.05	3.06	1.23	5.75	0.79	1.58	3.20	1.46	7.02	0.47	1.45	2.80	1.30	6.00	0.42	1.52	3.01	1.64	6.60

Percentage Analysis

% of Sales

Gross Margin	79%	69%	75%	79%	76%	78%	75%	77%	79%	77%	78%	76%	77%	70%	75%	64%	71%	68%	73%	69%
Research & Devel.	27%	38%	16%	27%	24%	32%	24%	18%	28%	24%	38%	27%	20%	22%	25%	30%	22%	15%	22%	21%
Sales & Marketing	8%	16%	9%	12%	10%	13%	12%	11%	13%	12%	17%	12%	10%	12%	12%	11%	10%	8%	9%	9%
General & Admin.	8%	12%	5%	10%	8%	11%	8%	5%	8%	7%	11%	8%	6%	10%	8%	11%	8%	7%	9%	8%
Operating Profit	37%	3%	46%	30%	34%	22%	31%	44%	29%	33%	13%	28%	41%	26%	29%	12%	31%	38%	33%	31%
Net Income	30%	2%	37%	24%	27%	17%	24%	35%	24%	27%	10%	23%	33%	21%	24%	10%	25%	31%	27%	25%

YY % Change

Total Revenue	87%	-29%	21%	23%	19%	-4%	103%	7%	18%	21%	-3%	-5%	-9%	-2%	-5%	-6%	-3%	17%	2%	4%
Gross Margin	84%	-31%	18%	19%	17%	-5%	121%	11%	17%	23%	-3%	-4%	-9%	-13%	-8%	-24%	-9%	3%	5%	-5%
Research & Devel.	12%	6%	15%	16%	12%	16%	30%	20%	25%	23%	14%	4%	2%	-23%	-2%	-26%	-19%	-11%	0%	-15%
Sales & Marketing	7%	1%	7%	17%	8%	62%	51%	36%	26%	41%	24%	0%	-14%	-12%	-3%	-38%	-19%	-7%	-26%	-22%
General & Admin.	19%	0%	17%	23%	15%	27%	34%	9%	-7%	14%	-3%	1%	-1%	22%	5%	-6%	-11%	35%	-6%	2%
Operating Profit	638%	-92%	23%	21%	25%	-42%	1996%	3%	15%	20%	-43%	-12%	-14%	-13%	-17%	-14%	5%	8%	28%	10%
Net Income	462%	-95%	20%	14%	18%	-45%	3147%	2%	16%	20%	-43%	-11%	-15%	-12%	-17%	-11%	5%	9%	28%	10%

Source: Company reports and Ascendant Capital Markets estimates

Electronic Arts, Inc.

Balance Sheet (\$ millions) Fiscal Year End: March 31	Jun-20 1QA	Sep-20 2QA	Dec-20 3QA	Mar-21 4QA	Jun-21 1QA	Sep-21 2QA	Dec-21 3QA	Mar-22 4QA	Jun-22 1QA	Sep-22 2QA	Dec-22 3QA	Mar-23 4QE	Jun-23 1QE	Sep-23 2QE	Dec-23 3QE	Mar-24 4QE
ASSETS																
Cash and Cash Equivalents	4,013	4,059	4,772	5,260	2,838	1,630	2,670	2,732	2,082	1,539	2,202	3,085	2,276	2,783	2,985	4,358
Marketable securities	1,947	1,972	1,938	1,106	881	342	346	330	334	335	351	351	351	351	351	351
A/R - net	507	423	778	521	557	1,031	965	650	579	919	836	495	1,039	832	1,409	508
Inventory	-	-	-	-	-	-	-	-	-	-	-	107	125	103	92	101
Other deferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets (& Prepaid Royalties)	223	376	233	326	401	387	377	439	522	649	453	453	453	453	453	453
Total Current Assets	6,690	6,830	7,721	7,213	4,677	3,390	4,358	4,151	3,517	3,442	3,842	4,490	4,245	4,523	5,290	5,771
Property and equipment, net	450	458	467	491	510	516	522	550	545	531	553	553	553	553	553	553
Long term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment in affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill and other intangibles	1,937	1,933	1,933	3,177	5,165	6,539	6,441	6,349	6,275	6,186	6,115	6,111	6,107	6,103	6,099	6,095
Other assets (& Deferred Income Tax)	2,207	2,249	2,299	2,407	2,382	2,574	2,609	2,750	2,855	2,920	2,960	2,960	2,960	2,960	2,960	2,960
TOTAL ASSETS	\$ 11,284	\$ 11,470	\$ 12,420	\$ 13,288	\$ 12,734	\$ 13,019	\$ 13,930	\$ 13,800	\$ 13,192	\$ 13,079	\$ 13,470	\$ 14,114	\$ 13,865	\$ 14,139	\$ 14,902	\$ 15,379
LIABILITIES AND SHAREHOLDERS' EQUITY																
Short term debt	599	599	600	-	-	-	-	-	-	-	-	-	-	-	-	-
A/P	51	164	89	96	73	136	86	101	70	136	62	356	313	344	305	335
Accrued Liabilities	1,040	1,083	1,423	1,341	1,093	1,119	1,443	1,388	1,215	1,034	1,243	1,243	1,243	1,243	1,243	1,243
Deferred Revenues	878	639	1,380	1,527	1,305	1,322	2,101	2,024	1,548	1,391	1,808	2,403	1,541	1,367	1,808	2,403
Total Current Liabilities	2,568	2,485	3,492	2,964	2,471	2,577	3,630	3,513	2,833	2,561	3,113	4,002	3,097	2,954	3,356	3,981
Long term debt	397	397	397	1,876	1,877	1,877	1,878	1,878	1,878	1,879	1,879	1,879	1,879	1,879	1,879	1,879
Minority Interest & Other long term liabilities	537	513	568	608	658	709	805	784	840	841	927	927	927	927	927	927
Common stock	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Additional paid-in capital	-	145	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated other comprehensive loss	(52)	(89)	(94)	(50)	(35)	(2)	6	15	71	137	(37)	(87)	(137)	(187)	(237)	(287)
Retained earnings	7,831	8,016	8,054	7,887	7,760	7,855	7,608	7,607	7,567	7,658	7,585	7,391	8,096	8,563	8,974	8,875
Total Shareholders' Equity	7,782	8,075	7,963	7,840	7,728	7,856	7,617	7,625	7,641	7,798	7,551	7,307	7,962	8,379	8,740	8,591
TOTAL LIABILITIES AND EQUITY	\$ 11,284	\$ 11,470	\$ 12,420	\$ 13,288	\$ 12,734	\$ 13,019	\$ 13,930	\$ 13,800	\$ 13,192	\$ 13,079	\$ 13,470	\$ 14,114	\$ 13,865	\$ 14,139	\$ 14,902	\$ 15,379
Activity Ratios																
A/R Days Sales Outstanding	33	42	29	31	38	50	34	33	40	47	32	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!	#DIV/0!	20x	15x	20x	40x	20x
A/P Days Payable	16	52	13	27	21	25	12	22	20	26	10	60	60	60	30	60
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$ 26.93	\$ 28.14	\$ 27.94	\$ 27.70	\$ 26.74	\$ 27.37	\$ 26.73	\$ 26.94	\$ 27.19	\$ 27.95	\$ 27.16	\$ 26.19	\$ 28.54	\$ 29.92	\$ 31.10	\$ 30.47
Cash per Share (diluted)	\$ 20.62	\$ 21.01	\$ 23.54	\$ 22.49	\$ 12.87	\$ 6.87	\$ 10.58	\$ 10.82	\$ 8.60	\$ 6.72	\$ 9.18	\$ 12.31	\$ 9.42	\$ 11.19	\$ 11.87	\$ 16.70
Net Cash per Share (diluted)	\$ 19.25	\$ 19.63	\$ 22.15	\$ 15.87	\$ 6.37	\$ 0.33	\$ 3.99	\$ 4.18	\$ 1.91	\$ (0.02)	\$ 2.42	\$ 5.58	\$ 2.68	\$ 4.48	\$ 5.19	\$ 10.04

Source: Company reports and Ascendant Capital Markets estimates

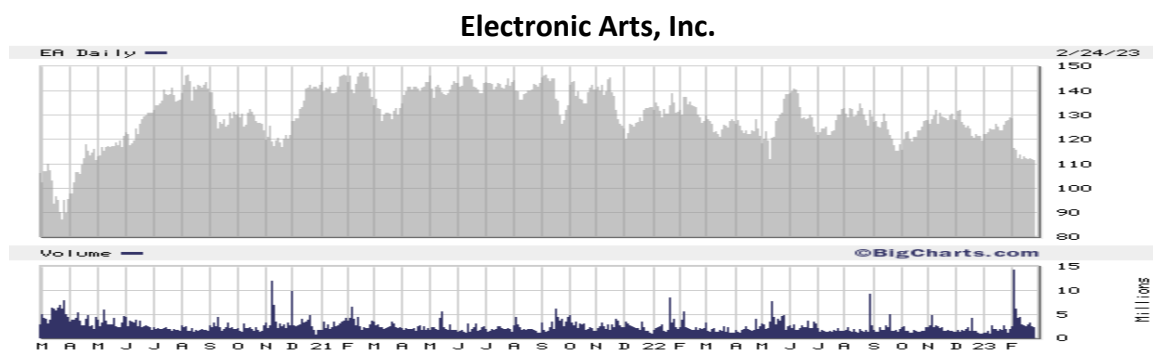
Electronic Arts, Inc.

Cash Flow Statement (\$ millions)	Jun-20	Sep-20	Dec-20	Mar-21	2021	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	
Fiscal Year End: March 31	1QA	2QA	3QA	4QA	FY-A	1QA	2QA	3QA	4QA	FY-A	1QA	2QA	3QA	4QE	FY-E	1QE	2QE	3QE	4QE	FY-E	
OPERATING ACTIVITIES:																					
Net Income	365	185	211	76	837	204	294	66	225	789	311	299	204	(194)	620	705	467	411	(98)	1,485	
Minority interest in consolidated joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity in net loss of affiliates / minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on sale of affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	37	40	46	58	181	105	94	146	141	486	114	127	122	25	388	25	25	25	25	100	
Stock comp	102	113	111	109	435	125	149	129	125	528	125	140	141	50	456	50	50	50	50	200	
Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on sale of marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for acquired in-process R&D and other charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax benefit from exercise of stock options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in assets and liabilities, net of acquisitions:																					
Receivables	(44)	83	(348)	268	(41)	12	(458)	56	313	(77)	70	(346)	90	338	152	(548)	204	(580)	898	(25)	
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(107)	(18)	22	12	(9)	6	
Other assets	44	(157)	85	(42)	(70)	(74)	23	(24)	(82)	(157)	(15)	(10)	(28)	(2)	(53)	-	-	-	-	-	
Accounts payable	(3)	109	(77)	(11)	18	(19)	61	(51)	2	(7)	(16)	69	(74)	294	273	(43)	31	(39)	30	(20)	
Accrued liabilities	(66)	(30)	341	(109)	136	(302)	52	433	(14)	169	(105)	(234)	297	-	(42)	-	-	-	-	-	
Deferred revenue and income taxes	(57)	(282)	755	22	438	(194)	(151)	779	(266)	168	(562)	(157)	371	595	247	(862)	(174)	441	595	-	
Net cash provided by operating activities	378	61	1,124	371	1,934	(143)	64	1,534	444	1,899	(78)	(112)	1,123	958	1,891	(733)	582	277	1,448	1,573	
INVESTING ACTIVITIES:																					
Proceeds from sale of property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sales of marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from the sale of affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditures	(38)	(25)	(30)	(31)	(124)	(44)	(43)	(48)	(53)	(188)	(59)	(53)	(48)	(25)	(185)	(25)	(25)	(25)	(25)	(100)	
Investment in affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of marketable securities	30	(28)	30	826	858	222	537	(4)	20	775	(6)	(1)	(13)	-	(20)	-	-	-	-	-	
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 acquired	-	-	(1,239)	(1,239)	(1,239)	(1,989)	(1,405)	3	(3,391)	(3,391)	-	-	-	-	-	-	-	-	-	-	-
Net cash used in investing activities	(8)	(53)	-	(444)	(505)	(1,811)	(911)	(49)	(33)	(2,804)	(65)	(54)	(61)	(25)	(205)	(25)	(25)	(25)	(25)	(100)	
FINANCING ACTIVITIES:																					
Proceeds from debt	-	-	-	878	878	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sales of shares through stock	(66)	(8)	(67)	(8)	(149)	(154)	(16)	(72)	(11)	(253)	(104)	30	(44)	-	(118)	-	-	-	-	-	
Proceeds from sales of shares and other	40	13	30	30	83	41	3	33	33	77	1	3	-	-	4	-	-	-	-	-	-
Purchase of treasury shares/dividends	(78)	-	(375)	(374)	(827)	(325)	(373)	(373)	(373)	(1,444)	(373)	(378)	(377)	(50)	(1,178)	(50)	(50)	(50)	(50)	(200)	
Proceeds from minority interest in cons. joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by financing activities	(144)	32	(429)	526	(15)	(479)	(348)	(442)	(351)	(1,620)	(476)	(348)	(418)	(50)	(1,292)	(50)	(50)	(50)	(50)	(200)	
Effect of exchange rate on cash and cash equivalents	19	6	18	35	78	11	(13)	(3)	2	(3)	(31)	(29)	19	-	(41)	-	-	-	-	-	-
Net increase (decrease) in cash and equivalents	245	46	713	488	1,492	(2,422)	(1,208)	1,040	62	(2,528)	(650)	(543)	663	883	353	(808)	507	202	1,373	1,273	
Beginning cash and equivalents	3,768	4,013	4,059	4,772	3,768	5,260	2,838	1,630	2,670	5,260	2,732	2,082	1,539	2,202	2,732	3,085	2,276	2,783	2,985	3,085	
Ending cash and equivalents	4,013	4,059	4,772	5,260	5,260	2,838	1,630	2,670	2,732	2,732	2,082	1,539	2,202	3,085	3,085	2,276	2,783	2,985	4,358	4,358	

Source: Company reports and Ascendant Capital Markets estimates

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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

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Total return is defined as price appreciation plus dividend yield.

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Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
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Sell	1	2%	0	0%
Total	45	100%	18	40%

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