

Electronic Arts, Inc.

Large Q1 EPS upside, and maintained FY23 guidance. We remains positive from strong growth outlook. Lowering P/T to \$156.

COMPANY UPDATE

Rating: BUY

Ticker: EA

Price: \$127.59

Target: \$156
(from \$160)

Large Q1 EPS upside: EA recently (on August 2) reported its fiscal Q1 FY23 (ending June) results. Revenue was \$1.30 billion (-3% y-o-y), compared to our estimate of \$1.25 billion and consensus of \$1.26 billion. Pro forma EPS was \$0.47, compared to our estimates of \$0.30 and consensus of \$0.28. Q1 guidance was for revenue of \$1.20 – 1.25 billion and for EPS of \$0.16 – 0.27.

Strong results from sports games: The company again reported strong results from its sports games (particularly *Madden* and *FIFA*) and continued strong digital sales across its games including *Apex Legends*. Full game digital game sales are 65% (up from 61% last year) and steadily increasing driving higher margins.

Key metrics: FIFA Ultimate Team engagement during the quarter was up ~40% y-o-y in weekly and daily average players. In Q1, FIFA Mobile had the highest revenue quarter in history, with record high DAUs, up 10% from Q4.

FY23 guidance maintained: Management maintained FY23 guidance for revenue of \$7.90 – 8.10 billion, and for EPS of \$7.05 – 7.15. Initial Q2 guidance is for revenue of \$1.725 – 1.775 billion and for EPS of \$1.25 – 1.35.

Maintaining estimates: We are maintaining our FY23 estimates for revenue of \$8.10 billion, and for EPS of \$7.25. We are maintaining our FY24 estimates for revenue of \$8.40 billion, and for EPS of \$8.00.

Solid FY23 growth: Given the current strength in the video game industry (helped with the (Nov. 2020) launch of Sony PS5 and Microsoft Series X/S) we believe EA should beat its FY23 guidance. Key games this year (FY23) are its sports, mobile, and online games. In addition, its 3 recent major acquisitions should help drive solid growth in FY23.

Loss of FIFA license: EA announced (in May) that it will no longer have the FIFA license for its soccer game after this year's version 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 very minimal impact on what is EA's biggest game. With the 2022 FIFA World Cup schedule for this November, we believe this last FIFA game will be very strong for EA.

M&A chatter: There has been numerous M&A deals in the video game space in the past year, including 3 done by EA and the pending mega deal by Microsoft to buy Activision Blizzard. There has been recent media reports that EA may be an acquisition target, though the company has not confirmed any information.

Expect share price growth: With strong growth expected in digital, key games expected for over the next several years, and continued positive console transition cycle, we believe a favorable valuation is likely to drive growth in share price.

Valuation attractive: We are maintaining our BUY rating, but lowering our 12-month price target to \$156 from \$160, which is calculated by applying a forward P/E of ~19.5x our FY24 EPS estimate of \$8.00. 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.

Stock Data

Exchange:	NasdaqGS
52-week Range:	\$109.24 – 146.72
Shares Outstanding (million):	281
Market cap (\$million):	\$35,853
EV (\$million):	\$35,315
Debt (\$million):	\$1,878
Cash (\$million):	\$2,416
Avg. Daily Trading Vol. (\$million):	\$254
Float (million shares):	261
Short Interest (million shares):	3
Dividend, annual (yield):	\$0.72 (~0.6%)

Revenues (US\$ million)

	2023E (Cur.)	2023E (Old)	2024E (Cur.)	2024E (Old)
Q1 Jun	1,299A	1,250E	1,467E	
Q2 Sep	1,824E	1,899E	1,949E	
Q3 Dec	2,972E	2,947E	2,997E	
Q4 Mar	2,006E	2,005E	1,988E	
Total	8,100E		8,400E	
EV/Revs	4.4x		4.2x	

Earnings per Share (pro forma)

	2023E (Cur.)	2023E (Old)	2024E (Cur.)	2024E (Old)
Q1 Jun	0.47A	0.30E	0.86E	
Q2 Sep	1.40E	1.71E	1.86E	
Q3 Dec	3.28E	3.23E	3.33E	
Q4 Mar	2.09E	2.01E	1.94E	
Total	\$7.25E		\$8.00E	
P/E	18x		16x	

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 August 2) reported its fiscal Q1 FY23 (ending June) results.
- Revenue was \$1.30 billion (-3% y-o-y), compared to our estimate of \$1.25 billion and consensus of \$1.26 billion.
- Pro forma EPS was \$0.47, compared to our estimates of \$0.30 and consensus of \$0.28.
- Q1 guidance was for revenue of \$1.20 – 1.25 billion and for EPS of \$0.16 – 0.27.
- Management maintained FY23 guidance for revenue of \$7.90 – 8.10 billion, and for EPS of \$7.05 – 7.15.
- Initial Q2 guidance is for revenue of \$1.725 – 1.775 billion and for EPS of \$1.25 – 1.35.
- We are maintaining our FY23 estimates for revenue of \$8.10 billion, and for EPS of \$7.25.
- We are maintaining our FY24 estimates for revenue of \$8.40 billion, and for EPS of \$8.00.

ADDITIONAL DETAILS (pro forma)

- Gross profit for the quarter was \$1,017 million, compared with our estimate of \$735 million.
- Gross margin for the quarter was 78%, compared with our estimate of 59% and 78% last year.
- Operating expenses were \$850 million, compared with our estimate of \$632 million.
- Operating income was \$167 million, compared with our estimate of \$103 million.
- Pro forma net income was \$131 million, compared with our estimate of \$86 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.

The company's balance sheet is strong with \$2.4 billion in cash and \$1.9 billion in debt (~\$2/share in net cash), compared with \$3.1 billion in cash and \$1.9 billion in debt as of March.

Exhibit 1: Electronic Arts FY23 Game Release Schedule

FY23 Title Slate

Q1

F1 22

Q2

FIFA 23

Madden NFL 23

Q3

Need for Speed

NHL

Q4

Dead Space

PGA Tour

Super Mega Baseball

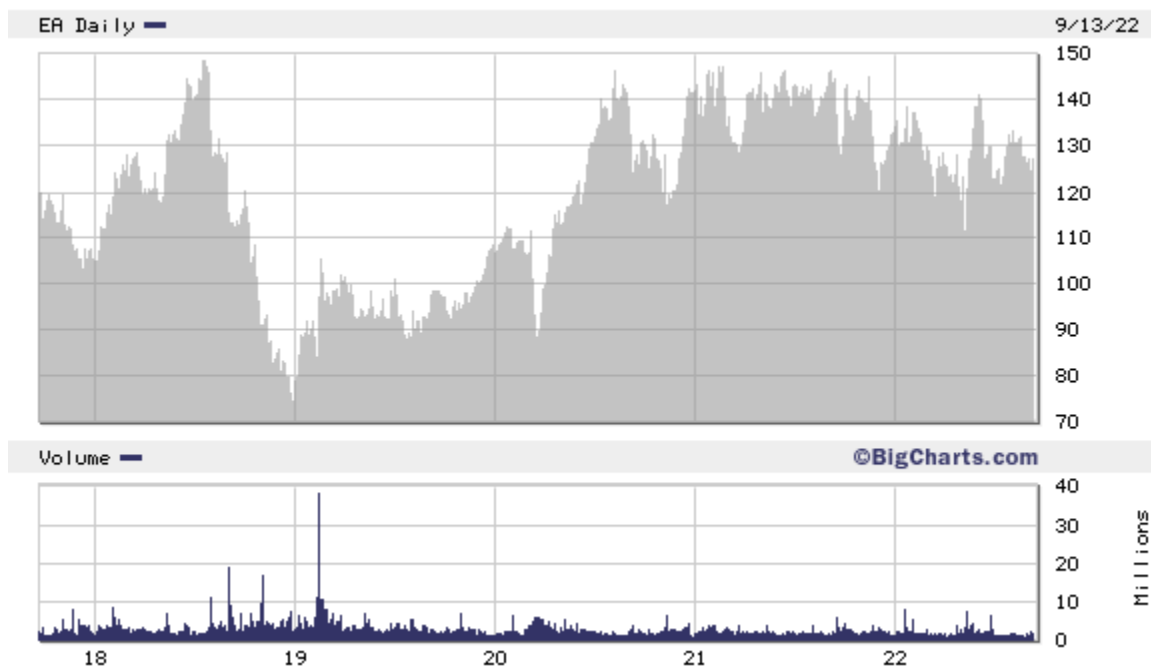
**Major IP

**Partner Title

**We have two titles launching in Q4:FY23 that have not yet been publicly disclosed. In addition, The Lord of the Rings: Heroes of Middle-earth Mobile is also included in our FY23 guidance.

Source: Company reports.

Exhibit 2: Electronic Arts Stock Price (Five Years)



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

Exhibit 3: Consensus Expectations (as of August 2, 2022)

	Revenue (mils)			EPS	
	2023E	2024E		2023E	2024E
Q1 Jun	\$1,258E		Q1 Jun	\$0.28E	
Q2 Sep	\$1,886E		Q2 Sep	\$1.51E	
Q3 Dec			Q3 Dec		
Q4 Mar			Q4 Mar		
Total	\$8,027E	\$8,608E	Total	\$7.21E	\$8.13E

*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 2QE	Dec-22 3QE	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	1,824	2,972	2,006	8,100	1,467	1,949	2,997	1,988	8,400
Cost of Goods Sold	287	284	600	314	1,485	292	470	586	372	1,720	282	644	1,011	581	2,519	535	609	1,006	609	2,760
Gross Profit	1,103	626	1,800	1,176	4,705	1,044	1,381	1,991	1,379	5,795	1,017	1,180	1,960	1,425	5,581	932	1,340	1,990	1,379	5,641
Research & Devel.	372	347	377	397	1,493	430	452	453	495	1,830	491	380	410	380	1,661	365	380	410	380	1,535
Sales & Marketing	110	144	205	184	643	178	218	279	232	907	221	185	225	152	783	137	175	225	152	689
General & Admin.	112	108	124	149	493	142	145	135	139	561	138	130	180	160	608	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	695	815	692	3,052	632	685	815	692	2,824
Operating Income (loss)	509	27	1,094	446	2,076	294	566	1,124	513	2,497	167	485	1,145	733	2,529	300	655	1,175	687	2,817
Interest Income	(3)	(10)	(6)	(10)	(29)	(14)	(14)	(11)	(9)	(48)	(5)	1	1	1	(2)	1	1	1	1	4
Income before Taxes	506	17	1,088	436	2,047	280	552	1,113	504	2,449	162	486	1,146	734	2,527	301	656	1,176	688	2,821
Income Taxes	91	3	196	78	368	50	99	200	91	441	31	92	218	139	480	57	125	223	131	536
Income b/f minority interest	415	14	892	358	1,679	230	453	913	413	2,008	131	394	928	594	2,047	244	531	953	557	2,285
<u>Minority Interest</u>																				
Net Income	415	14	892	358	1,679	230	453	913	413	2,008	131	394	928	594	2,047	244	531	953	557	2,285
EBITDA	648	180	1,251	613	2,692	524	809	1,399	779	3,511	406	560	1,220	808	2,993	375	730	1,250	762	3,117
Shares, Basic	288	289	290	288	289	286	285	283	281	284	279	280	281	282	281	282	283	284	285	284
Shares, Diluted	292	293	292	290	292	289	287	285	283	286	281	282	283	284	283	284	285	286	287	286
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	1.41	3.30	2.11	7.30	0.87	1.88	3.35	1.95	8.06
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	1.40	3.28	2.09	7.25	0.86	1.86	3.33	1.94	8.00

Percentage Analysis

% of Sales

Gross Margin	79%	69%	75%	79%	76%	78%	75%	77%	79%	77%	78%	65%	66%	71%	69%	64%	69%	66%	69%	67%
Research & Devel.	27%	38%	16%	27%	24%	32%	24%	18%	28%	24%	38%	21%	14%	19%	21%	25%	19%	14%	19%	18%
Sales & Marketing	8%	16%	9%	12%	10%	13%	12%	11%	13%	12%	17%	10%	8%	8%	10%	9%	9%	8%	8%	8%
General & Admin.	8%	12%	5%	10%	8%	11%	8%	5%	8%	7%	11%	7%	6%	8%	8%	9%	7%	6%	8%	7%
Operating Profit	37%	3%	46%	30%	34%	22%	31%	44%	29%	33%	13%	27%	39%	37%	31%	20%	34%	39%	35%	34%
Net Income	30%	2%	37%	24%	27%	17%	24%	35%	24%	27%	10%	22%	31%	30%	25%	17%	27%	32%	28%	27%

YY % Change

Total Revenue	87%	-29%	21%	23%	19%	-4%	103%	7%	18%	21%	-3%	-1%	15%	15%	8%	13%	7%	1%	-1%	4%
Gross Margin	84%	-31%	18%	19%	17%	-5%	121%	11%	17%	23%	-3%	-15%	-2%	3%	-4%	-8%	14%	2%	-3%	1%
Research & Devel.	12%	6%	15%	16%	12%	16%	30%	20%	25%	23%	14%	-16%	-9%	-23%	-9%	-26%	0%	0%	0%	-8%
Sales & Marketing	7%	1%	7%	17%	8%	62%	51%	36%	26%	41%	24%	-15%	-10%	-34%	-14%	-38%	-5%	0%	0%	-12%
General & Admin.	19%	0%	17%	23%	15%	27%	34%	9%	-7%	14%	-3%	-10%	33%	15%	8%	-6%	0%	0%	0%	-1%
Operating Profit	638%	-92%	23%	21%	25%	-42%	1996%	3%	15%	20%	-43%	-14%	2%	43%	1%	80%	35%	3%	-6%	11%
Net Income	462%	-95%	20%	14%	18%	-45%	3147%	2%	16%	20%	-43%	-13%	2%	44%	2%	86%	35%	3%	-6%	12%

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 2QE	Dec-22 3QE	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	2,232	2,388	3,927	3,250	3,891	4,126	5,667
Marketable securities	1,947	1,972	1,938	1,106	881	342	346	330	334	334	334	334	334	334	334	334
A/R - net	507	423	778	521	557	1,031	965	650	579	888	1,547	627	1,164	944	1,562	619
Inventory	-	-	-	-	-	-	-	-	-	134	104	122	150	127	103	127
Other deferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets (& Prepaid Royalties)	223	376	233	326	401	387	377	439	522	522	522	522	522	522	522	522
Total Current Assets	6,690	6,830	7,721	7,213	4,677	3,390	4,358	4,151	3,517	4,110	4,894	5,531	5,421	5,818	6,648	7,269
Property and equipment, net	450	458	467	491	510	516	522	550	545	545	545	545	545	545	545	545
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	6,271	6,267	6,263	6,259	6,255	6,251	6,247
Other assets (& Deferred Income Tax)	2,207	2,249	2,299	2,407	2,382	2,574	2,609	2,750	2,855	2,855	2,855	2,855	2,855	2,855	2,855	2,855
TOTAL ASSETS	\$ 11,284	\$ 11,470	\$ 12,420	\$ 13,288	\$ 12,734	\$ 13,019	\$ 13,930	\$ 13,800	\$ 13,192	\$ 13,781	\$ 14,561	\$ 15,194	\$ 15,080	\$ 15,473	\$ 16,299	\$ 16,916
LIABILITIES AND SHAREHOLDERS' EQUITY																
Short term debt	599	599	600	-	-	-	-	-	-	-	-	-	-	-	-	-
A/P	51	164	89	96	73	136	86	101	70	447	346	405	375	424	344	424
Accrued Liabilities	1,040	1,083	1,423	1,341	1,093	1,119	1,443	1,388	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215
Deferred Revenues	878	639	1,380	1,527	1,305	1,322	2,101	2,024	1,548	1,374	1,815	2,410	1,548	1,374	1,815	2,410
Total Current Liabilities	2,568	2,485	3,492	2,964	2,471	2,577	3,630	3,513	2,833	3,036	3,376	4,030	3,138	3,013	3,374	4,049
Long term debt	397	397	397	1,876	1,877	1,877	1,878	1,878	1,878	1,878	1,878	1,878	1,878	1,878	1,878	1,878
Minority Interest & Other long term liabilities	537	513	568	608	658	709	805	784	840	840	840	840	840	840	840	840
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	21	(29)	(79)	(129)	(179)	(229)	(279)
Retained earnings	7,831	8,016	8,054	7,887	7,760	7,855	7,608	7,607	7,567	8,002	8,493	8,522	9,350	9,918	10,432	10,425
Total Shareholders' Equity	7,782	8,075	7,963	7,840	7,728	7,856	7,617	7,625	7,641	8,026	8,467	8,446	9,224	9,742	10,206	10,149
TOTAL LIABILITIES AND EQUITY	\$ 11,284	\$ 11,470	\$ 12,420	\$ 13,288	\$ 12,734	\$ 13,019	\$ 13,930	\$ 13,800	\$ 13,192	\$ 13,781	\$ 14,561	\$ 15,194	\$ 15,080	\$ 15,473	\$ 16,299	\$ 16,916
Activity Ratios																
A/R Days Sales Outstanding	33	42	29	31	38	50	34	33	40	40	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!	20x	40x	20x	15x	20x	40x	20x
A/P Days Payable	16	52	13	27	21	25	12	22	20	60	30	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	\$ 28.46	\$ 29.92	\$ 29.74	\$ 32.48	\$ 34.18	\$ 35.69	\$ 35.36
Cash per Share (diluted)	\$ 20.62	\$ 21.01	\$ 23.54	\$ 22.49	\$ 12.87	\$ 6.87	\$ 10.58	\$ 10.82	\$ 8.60	\$ 9.10	\$ 9.62	\$ 15.00	\$ 12.62	\$ 14.83	\$ 15.60	\$ 20.91
Net Cash per Share (diluted)	\$ 19.25	\$ 19.63	\$ 22.15	\$ 15.87	\$ 6.37	\$ 0.33	\$ 3.99	\$ 4.18	\$ 1.91	\$ 2.44	\$ 2.98	\$ 8.39	\$ 6.01	\$ 8.24	\$ 9.03	\$ 14.37

Source: Company reports and Ascendant Capital Markets estimates

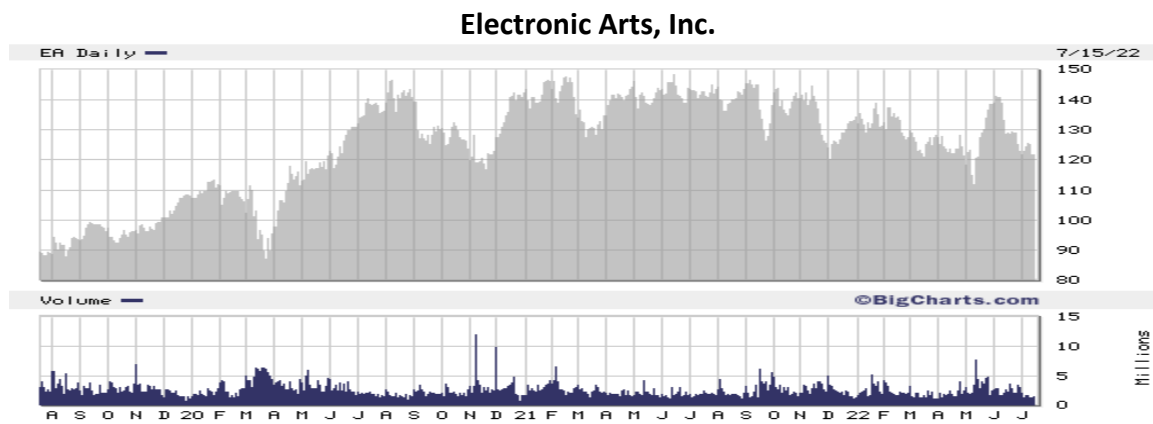
Electronic Arts, Inc.

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	2QE	3QE	4QE	FY-E	1QE	2QE	3QE	4QE	FY-E
OPERATING ACTIVITIES:																				
Net Income	365	185	211	76	837	204	294	66	225	789	311	435	491	29	1,266	828	568	514	(7)	1,903
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	25	25	25	189	25	25	25	25	100
Stock comp	102	113	111	109	435	125	149	129	125	528	125	50	50	50	275	50	50	50	50	200
Amortization	-	-	-	-	-	-	-	-	-	-	-	4	4	4	12	4	4	4	4	16
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	-	-	-	-	-	-	-	-	-	-	-	3	3	3	9	3	3	3	3	12
Tax benefit from exercise of stock options	-	-	-	-	-	-	-	-	-	-	-	(50)	(50)	(50)	(150)	(50)	(50)	(50)	(50)	(200)
Change in assets and liabilities, net of acquisitions:																				
Receivables	(44)	83	(348)	268	(41)	12	(458)	56	313	(77)	70	(312)	(662)	917	13	(540)	218	(621)	940	(4)
Inventories	-	-	-	-	-	-	-	-	-	-	-	(134)	30	(18)	(122)	(28)	23	24	(24)	(6)
Other assets	44	(157)	85	(42)	(70)	(74)	23	(24)	(82)	(157)	(15)	-	-	-	(15)	-	-	-	-	-
Accounts payable	(3)	109	(77)	(11)	18	(19)	61	(51)	2	(7)	(16)	377	(101)	59	319	(31)	49	(80)	80	19
Accrued liabilities	(66)	(30)	341	(109)	136	(302)	52	433	(14)	169	(105)	-	-	-	(105)	-	-	-	-	-
Deferred revenue and income taxes	(57)	(282)	755	22	438	(194)	(151)	779	(266)	168	(562)	(174)	441	595	300	(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)	225	231	1,614	1,992	(601)	716	310	1,615	2,040
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)	(25)	(25)	(25)	(134)	(25)	(25)	(25)	(25)	(100)
Investment in affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of marketable securities	30	(28)	30	826	858	222	537	(4)	20	775	(6)	-	-	-	(6)	-	-	-	-	-
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)	(25)	(25)	(25)	(140)	(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)	-	-	-	(104)	-	-	-	-	-
Proceeds from sales of shares and other	40	13	30	83	83	41	3	33	33	77	1	-	-	-	1	-	-	-	-	-
Purchase of treasury shares/dividends	(78)	-	(375)	(374)	(827)	(325)	(373)	(373)	(373)	(1,444)	(373)	(50)	(50)	(50)	(523)	(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)	(50)	(50)	(50)	(626)	(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)	-	-	-	(31)	-	-	-	-	-
Net increase (decrease) in cash and equivalents	245	46	713	488	1,492	(2,422)	(1,208)	1,040	62	(2,528)	(650)	150	156	1,539	1,195	(676)	641	235	1,540	1,740
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	2,232	2,388	2,732	3,927	3,250	3,891	4,126	3,927
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	2,232	2,388	3,927	3,927	3,250	3,891	4,126	5,667	5,667

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

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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 Rating System

Prior to January 31, 2014, ASCM used the following rating system:

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Neutral: We expect the stock to provide a total return of between minus 10% and plus 10% within a 12-month period.

Sell: We expect the stock to provide a total return of minus 10% or worse within a 12-month period.

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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
Buy	41	98%	15	37%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	42	100%	15	36%

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