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Electronic Arts, Inc.

Q3 inline to preannouncement. We remain positive from solid growth outlook. Raising P/T to \$160.

COMPANY UPDATE

Rating: BUY

Ticker: EA

Price: \$129.12

Target: \$160
(from \$157)

Q3 inline to preannouncement: Revenue was \$2.22 billion (-6% y-o-y), compared to our estimate of \$2.85 billion and consensus of \$2.21 billion. Pro forma EPS was \$2.83, compared to our estimates of \$3.40 and consensus of \$2.88. Q3 guidance (from last quarter) was for revenue of \$2.40 – 2.55 billion and for EPS of \$3.25 – 3.45.

January negative preannouncement: In late January, the company negatively preannounced Q3 revenues of \$2.215 billion. The company also lowered its FY25 revenue guidance to \$7.00 – 7.15 billion.

Weaker Football and Dragon Age: Global Football (soccer) two consecutive fiscal years of double-digit revenue growth did not occur this year and the franchise experienced a slowdown in Q3 (mid-single-digit decline y-o-y). New release *Dragon Age: The Veilguard* also performed less than expectations.

Lowered FY25 guidance: Management lowered FY25 guidance (from last quarter) for revenue to \$7.00 – 7.15 billion, from \$7.50 – 7.80 billion, and for EPS to \$6.25 – 6.65 from \$7.35 – 7.95. Initial Q4 guidance is for revenue of \$1.44 – 1.59 billion and for EPS of \$0.76 – 1.17.

Lowering estimates: We are lowering our FY25 estimates for revenue to \$7.14 billion, from \$7.80 billion, and for EPS to \$6.67 from \$7.50. We are initiating our FY26 estimates for revenue of \$7.50 billion, and for EPS of \$7.27.

Strong 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 launches of *FC 24* and *FC 25* shows that EA's soccer franchise is strong and remains intact even with the loss of the FIFA license.

Big games in FY25: EA has several major titles that should drive a solid FY25, including its strong sports games (soccer, football, hockey, car racing).

Cost management: In March 2023, EA announced that it would lay off about 6% of its workforce and reduce office space to lower costs. In February 2024, EA announced that it would lay off another ~5% of its workforce and reduce office space to lower costs. We believe these cost cuts will driver higher operating leverage in FY25/26.

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 \$160 from \$157, which is calculated by applying a forward P/E of 22x our FY26 EPS estimate of \$7.27. 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:	\$115.21 – 168.50
Shares Outstanding (million):	266
Market cap (\$million):	\$34,314
EV (\$million):	\$33,042
Debt (\$million):	\$1,883
Cash (\$million):	\$3,155
Avg. Daily Trading Vol. (\$million):	\$468
Float (million shares):	235
Short Interest (million shares):	11
Dividend, annual (yield):	\$0.76 (~0.6%)

Revenues (US\$ million)

	2025E (Cur.)	2025E (Old)	2026E (Cur.)	2026E (Old)
Q1 Jun	1,262A		1,217E	
Q2 Sep	2,079A		1,849E	
Q3 Dec	2,215A	2,847E	2,647E	
Q4 Mar	1,588E	1,838E	1,788E	
Total	7,144E	7,800E	7,500E	
EV/Revs	4.6x		4.4x	

Earnings per Share (pro forma)

	2025E (Cur.)	2025E (Old)	2026E (Cur.)	2026E (Old)
Q1 Jun	0.52A		0.43E	
Q2 Sep	2.15A		2.12E	
Q3 Dec	2.83A	3.40E	3.01E	
Q4 Mar	1.18E	1.79E	1.71E	
Total	\$6.67E	\$7.50E	\$7.27E	
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 9.

OVERVIEW

- EA recently (on February 4) reported its fiscal Q3 FY25 (ending December) results.
- In late January, the company negatively preannounced Q3 revenues of \$2.215 billion. The company also lowered its FY25 revenue guidance to \$7.00 – 7.15 billion.
- Revenue was \$2.22 billion (-6% y-o-y), compared to our estimate of \$2.85 billion and consensus of \$2.21 billion.
- Pro forma EPS was \$2.83, compared to our estimates of \$3.40 and consensus of \$2.88.
- Q3 guidance (from last quarter) was for revenue of \$2.40 – 2.55 billion and for EPS of \$3.25 – 3.45.
- Management lowered FY25 guidance (from last quarter) for revenue to \$7.00 – 7.15 billion, from \$7.50 – 7.80 billion, and for EPS to \$6.25 – 6.65 from \$7.35 – 7.95.
- Initial Q4 guidance is for revenue of \$1.44 – 1.59 billion and for EPS of \$0.76 – 1.17.
- We are lowering our FY25 estimates for revenue to \$7.14 billion, from \$7.80 billion, and for EPS to \$6.67 from \$7.50.
- We are initiating our FY26 estimates for revenue of \$7.50 billion, and for EPS of \$7.27.

ADDITIONAL DETAILS (pro forma)

- Gross profit for the quarter was \$1,772 million, compared with our estimate of \$1,961 million.
- Gross margin for the quarter was 80%, compared with our estimate of 69% and 78% last year.
- Operating expenses were \$873 million, compared with our estimate of \$815 million.
- Operating income was \$899 million, compared with our estimate of \$1,146 million.
- Pro forma net income was \$751 million, compared with our estimate of \$929 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.
- In February 2024, EA announced that it would lay off about 5% of its workforce and reduce office space to lower costs.

The company's balance sheet is solid with \$3.2 billion in cash and \$1.9 billion in debt (~\$5/share in net cash), compared with \$2.6 billion in cash and \$1.9 billion in debt as of September.

Exhibit 1: Q3 FY25 Financial Highlights (as of February 4, 2025)

Electronic Arts Reports Q3 FY25 Results



EA plans \$1 billion accelerated stock repurchase further demonstrating conviction in long-term growth of the business

REDWOOD CITY, CA – February 4, 2025 – Electronic Arts Inc. (NASDAQ: EA) today announced preliminary financial results for its third quarter ended December 31, 2024.

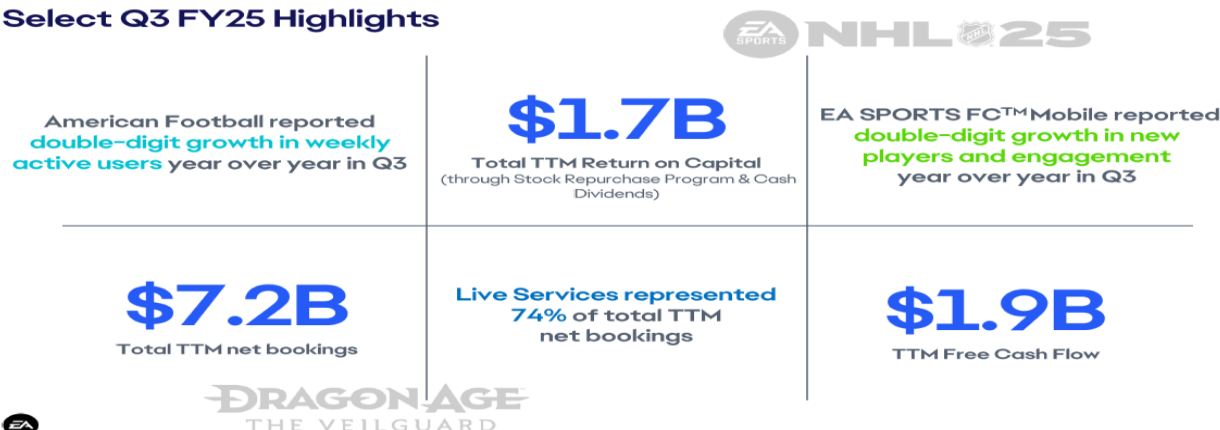
“The record success of our *EA SPORTS FC 25* Team of the Year event demonstrates our creative teams’ ability to adapt, innovate, and execute at scale,” said Andrew Wilson, CEO of Electronic Arts. “As we build on this momentum across EA, we are confident in a return to growth in FY26 and beyond as we bring our next wave of iconic entertainment to players and fans worldwide.”

“Today, we announced plans for a \$1 billion accelerated share repurchase, which is expected to bring total stock repurchases to \$2.5 billion within the first year of our \$5 billion authorization,” said Stuart Canfield, CFO of Electronic Arts. “This reflects both our confidence in EA’s long-term strategy and our ability to balance investment in growth with capital returns.”

Selected Operating Highlights and Metrics

- Net bookings¹ for the quarter totaled \$2.215 billion.
- Our Global Football franchise net bookings have grown more than 70% over the last five fiscal years, making it one of the biggest sports entertainment properties in the world.
- Our gameplay update for *EA SPORTS FC™ 25*, released on January 16th, drove engagement levels above our expectations, with over two million Ultimate Team players re-activated from earlier in the launch cycle.
- *EA SPORTS FC Mobile* saw a double-digit increase in new players and engagement year-over-year.
- American Football saw double-digit growth in weekly active users year-over-year in the third quarter, and remains on pace to surpass \$1 billion in net bookings for fiscal year 2025.
- EA unveiled *Battlefield™ Labs*, a new initiative allowing player-driven testing and innovation ahead of the franchise’s expected fiscal year 2026 release.

Select Q3 FY25 Highlights



Source: Company reports.

Exhibit 2: Electronic Arts FY25 Game Release Schedule (as of February 2025)

Core Business and FY25 Title Slate

Massive Online Communities

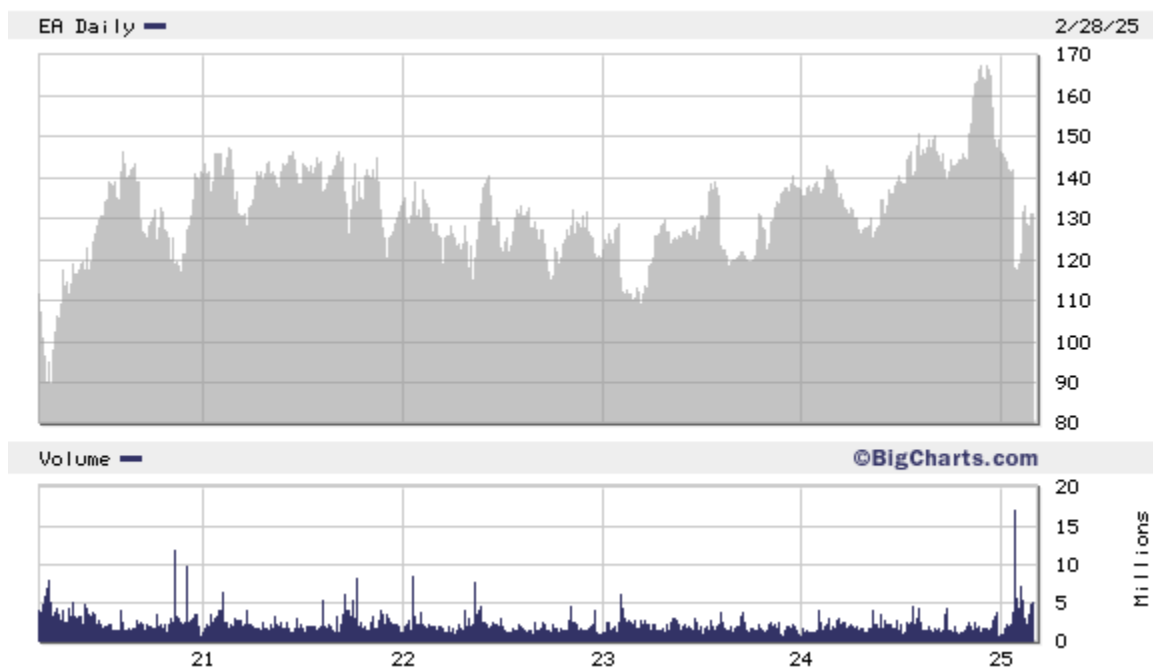


New Releases in FY25



Source: Company reports.

Exhibit 3: Electronic Arts Stock Price (Five Years)



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

Exhibit 4: Consensus Expectations (as of March 1, 2025)

	Revenue (mils)			EPS	
	2025E	2026E		2025E	2026E
Q1 Jun	\$1,262A	\$1,280E	Q1 Jun	\$0.52A	\$0.60E
Q2 Sep	\$2,079A		Q2 Sep	\$2.15A	
Q3 Dec	\$2,215A		Q3 Dec	\$2.83A	
Q4 Mar	\$1,546E		Q4 Mar	\$1.08E	
Total	\$7,104E	\$7,547E	Total	\$6.55E	\$7.44E

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

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

FINANCIAL MODEL

Electronic Arts, Inc. Pro Forma Income Statement

Income Statement (\$ in millions)	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	Jun-25	Sep-25	Dec-25	Mar-26	2026
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
Net Revenues (non GAAP)	1,299	1,754	2,342	1,946	7,341	1,578	1,820	2,366	1,666	7,430	1,262	2,079	2,215	1,588	7,144	1,217	1,849	2,647	1,788	7,500
Cost of Goods Sold	282	422	540	421	1,665	350	439	511	326	1,626	249	442	443	484	1,618	444	467	838	530	2,279
Gross Profit	1,017	1,332	1,802	1,525	5,676	1,228	1,381	1,855	1,340	5,804	1,013	1,637	1,772	1,104	5,526	773	1,382	1,809	1,258	5,221
Research & Devel.	491	470	461	539	1,961	503	489	476	534	2,002	528	526	487	400	1,941	365	380	410	380	1,535
Sales & Marketing	221	217	241	240	919	218	267	262	220	967	193	256	237	155	841	137	175	225	152	689
General & Admin.	138	146	133	151	568	137	148	143	155	583	150	164	149	162	625	130	130	180	160	600
Restructuring and Other Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of Intangibles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	850	833	835	930	3,448	858	904	881	909	3,552	871	946	873	717	3,407	632	685	815	692	2,824
Operating Income (loss)	167	499	967	595	2,228	370	477	974	431	2,252	142	691	899	387	2,119	141	697	994	566	2,397
Interest Income	(5)	-	(7)	6	(6)	14	14	17	26	71	30	15	28	1	74	1	1	1	1	4
Income before Taxes	162	499	960	601	2,222	384	491	991	457	2,323	172	706	927	388	2,193	142	698	995	567	2,401
Income Taxes	31	95	182	114	422	73	93	188	87	441	33	134	176	74	417	27	133	189	108	456
Income b/f minority interest	131	404	778	487	1,800	311	398	803	370	1,882	139	572	751	314	1,776	115	565	806	459	1,945
Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	131	404	778	487	1,800	311	398	803	370	1,882	139	572	751	314	1,776	115	565	806	459	1,945
EBITDA	406	766	1,230	910	3,312	588	717	1,207	728	3,240	365	987	1,137	462	2,951	216	772	1,069	641	2,697
Shares, Basic	279	278	276	274	277	272	271	269	267	270	266	264	262	263	264	263	264	265	266	265
Shares, Diluted	281	279	278	274	278	274	272	271	270	272	268	266	265	266	266	266	267	268	269	268
EPS (Basic pro forma)	0.47	1.45	2.82	1.78	6.50	1.14	1.47	2.98	1.39	6.98	0.52	2.17	2.87	1.19	6.73	0.44	2.14	3.04	1.73	7.35
EPS (Diluted pro forma)	0.47	1.45	2.80	1.78	6.47	1.14	1.46	2.96	1.37	6.92	0.52	2.15	2.83	1.18	6.67	0.43	2.12	3.01	1.71	7.27

Percentage Analysis

% of Sales

Gross Margin	78%	76%	77%	78%	77%	78%	76%	78%	80%	78%	80%	79%	80%	70%	77%	63%	75%	68%	70%	70%
Research & Devel.	38%	27%	20%	28%	27%	32%	27%	20%	32%	27%	42%	25%	22%	25%	27%	30%	21%	15%	21%	20%
Sales & Marketing	17%	12%	10%	12%	13%	14%	15%	11%	13%	13%	15%	12%	11%	10%	12%	11%	9%	9%	9%	9%
General & Admin.	11%	8%	6%	8%	8%	9%	8%	6%	9%	8%	12%	8%	7%	10%	9%	11%	7%	7%	9%	8%
Operating Profit	13%	28%	41%	31%	30%	23%	26%	41%	26%	30%	11%	33%	41%	24%	30%	12%	38%	38%	32%	32%
Net Income	10%	23%	33%	25%	25%	20%	22%	34%	22%	25%	11%	28%	34%	20%	25%	9%	31%	30%	26%	26%

Y/Y % Change

Total Revenue	-3%	-5%	-9%	11%	-2%	21%	4%	1%	-14%	1%	-20%	14%	-6%	-5%	-4%	-4%	-11%	19%	13%	5%
Gross Margin	-3%	-4%	-9%	11%	-2%	21%	4%	3%	-12%	2%	-18%	19%	-4%	-18%	-5%	-24%	-16%	2%	14%	-6%
Research & Devel.	14%	4%	2%	9%	7%	2%	4%	3%	-1%	2%	5%	8%	2%	-25%	-3%	-31%	-28%	-16%	-5%	-21%
Sales & Marketing	24%	0%	-14%	3%	1%	-1%	23%	9%	-8%	5%	-11%	-4%	-10%	-30%	-13%	-29%	-32%	-5%	-2%	-18%
General & Admin.	-3%	1%	-1%	9%	1%	-1%	1%	8%	3%	3%	9%	11%	4%	5%	7%	-13%	-21%	21%	-1%	-4%
Operating Profit	-43%	-12%	-14%	16%	-11%	122%	-4%	1%	-28%	1%	-62%	45%	-8%	-10%	-6%	-1%	1%	11%	46%	13%
Net Income	-43%	-11%	-15%	18%	-10%	137%	-2%	3%	-24%	5%	-55%	44%	-6%	-15%	-6%	-18%	-1%	7%	46%	10%

Source: Company reports and Ascendant Capital Markets estimates

Electronic Arts, Inc.

Balance Sheet (\$ millions) Fiscal Year End: March 31	Jun-22 1QA	Sep-22 2QA	Dec-22 3QA	Mar-23 4QA	Jun-23 1QA	Sep-23 2QA	Dec-23 3QA	Mar-24 4QA	Jun-24 1QA	Sep-24 2QA	Dec-24 3QA	Mar-25 4QE	Jun-25 1QE	Sep-25 2QE	Dec-25 3QE	Mar-26 4QE
ASSETS																
Cash and Cash Equivalents	2,082	1,539	2,202	2,424	2,259	1,946	2,742	2,900	2,400	2,197	2,776	2,325	1,473	2,036	2,326	3,649
Marketable securities	334	335	351	343	343	359	362	362	366	366	379	379	379	379	379	379
A/R - net	579	919	836	684	517	1,047	867	565	433	1,012	742	441	1,039	899	1,348	530
Inventory	-	-	-	-	-	-	-	-	-	-	-	102	126	99	86	111
Other deferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets (& Prepaid Royalties)	522	649	453	518	455	492	378	420	388	397	375	375	375	375	375	375
Total Current Assets	3,517	3,442	3,842	3,969	3,574	3,844	4,349	4,247	3,587	3,972	4,272	3,623	3,392	3,788	4,514	5,045
Property and equipment, net	545	531	553	549	545	542	561	578	558	578	566	566	566	566	566	566
Long term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment in affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill and other intangibles	6,275	6,186	6,115	5,998	5,958	5,916	5,883	5,779	5,752	5,727	5,696	5,692	5,688	5,684	5,680	5,676
Other assets (& Deferred Income Tax)	2,855	2,920	2,960	2,943	3,006	2,837	2,824	2,816	2,811	2,859	2,917	2,917	2,917	2,917	2,917	2,917
TOTAL ASSETS	\$ 13,192	\$ 13,079	\$ 13,470	\$ 13,459	\$ 13,083	\$ 13,139	\$ 13,617	\$ 13,420	\$ 12,708	\$ 13,136	\$ 13,451	\$ 12,798	\$ 12,563	\$ 12,955	\$ 13,677	\$ 14,204
LIABILITIES AND SHAREHOLDERS' EQUITY																
Short term debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A/P	70	136	62	99	75	152	62	110	80	1,312	1,298	341	314	329	288	371
Accrued Liabilities	1,215	1,034	1,243	1,285	1,145	1,138	1,299	1,166	976	-	-	-	-	-	-	-
Deferred Revenues	1,548	1,391	1,808	1,901	1,580	1,498	1,919	1,814	1,412	1,475	1,806	2,401	1,539	1,365	1,806	2,401
Total Current Liabilities	2,833	2,561	3,113	3,285	2,800	2,788	3,280	3,090	2,468	2,787	3,104	2,742	1,854	1,695	2,094	2,772
Long term debt	1,878	1,879	1,879	1,880	1,880	1,881	1,881	1,882	1,882	1,883	1,883	1,883	1,883	1,883	1,883	1,883
Minority Interest & Other long term liabilities	840	841	927	1,001	1,069	895	923	935	958	1,058	1,052	1,052	1,052	1,052	1,052	1,052
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	71	137	(37)	(67)	(75)	(34)	(84)	(72)	(60)	(115)	(63)	(113)	(163)	(213)	(263)	(313)
Retained earnings	7,567	7,658	7,585	7,357	7,406	7,606	7,614	7,582	7,457	7,520	7,472	7,231	7,934	8,532	8,908	8,807
Total Shareholders' Equity	7,641	7,798	7,551	7,293	7,334	7,575	7,533	7,513	7,400	7,408	7,412	7,121	7,774	8,325	8,648	8,497
TOTAL LIABILITIES AND EQUITY	\$ 13,192	\$ 13,079	\$ 13,470	\$ 13,459	\$ 13,083	\$ 13,139	\$ 13,617	\$ 13,420	\$ 12,708	\$ 13,136	\$ 13,451	\$ 12,798	\$ 12,563	\$ 12,955	\$ 13,677	\$ 14,204
Activity Ratios																
A/R Days Sales Outstanding	40	47	32	32	29	52	33	31	31	44	30	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	20	26	10	20	18	30	11	28	27	259	256	60	60	60	30	60
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$ 27.19	\$ 27.95	\$ 27.16	\$ 26.62	\$ 26.77	\$ 27.85	\$ 27.80	\$ 27.83	\$ 27.61	\$ 27.85	\$ 27.97	\$ 26.77	\$ 29.23	\$ 31.18	\$ 32.27	\$ 31.59
Cash per Share (diluted)	\$ 8.60	\$ 6.72	\$ 9.18	\$ 10.10	\$ 9.50	\$ 8.47	\$ 11.45	\$ 12.08	\$ 10.32	\$ 9.64	\$ 11.91	\$ 10.17	\$ 6.96	\$ 9.04	\$ 10.09	\$ 14.98
Net Cash per Share (diluted)	\$ 1.91	\$ (0.02)	\$ 2.42	\$ 3.24	\$ 2.64	\$ 1.56	\$ 4.51	\$ 5.11	\$ 3.30	\$ 2.56	\$ 4.80	\$ 3.09	\$ (0.12)	\$ 1.99	\$ 3.07	\$ 7.98

Source: Company reports and Ascendant Capital Markets estimates

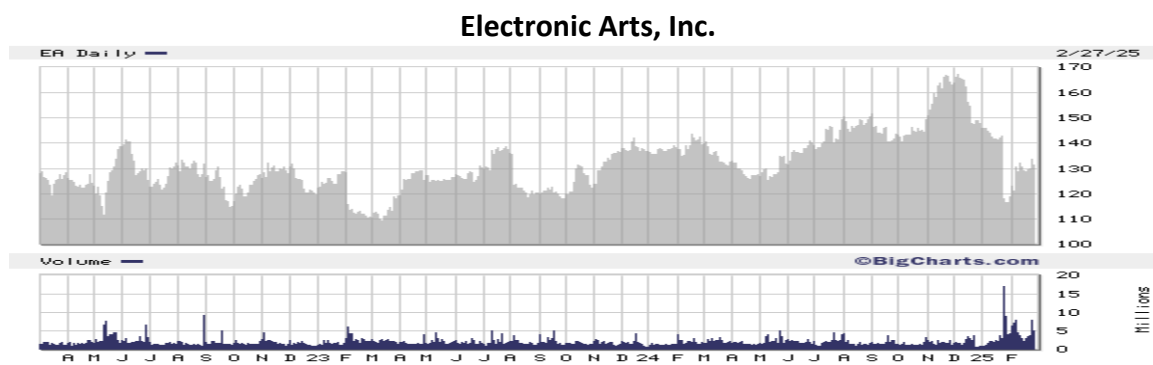
Electronic Arts, Inc.

Cash Flow Statement (\$ millions)	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	Jun-25	Sep-25	Dec-25	Mar-26	2026
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	311	299	204	(12)	802	402	399	290	182	1,273	280	294	293	(241)	626	703	601	373	(101)	1,576
Minority interest in consolidated joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity in net loss of affiliates / minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on sale of affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	114	127	122	173	536	88	85	82	149	404	80	122	75	25	302	25	25	25	25	100
Stock comp	125	140	141	142	548	130	155	151	148	584	143	174	163	50	530	50	50	50	50	200
Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	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	3	3	3	3	12
Charge for acquired in-process R&D and other charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax benefit from exercise of stock options	-	-	-	-	-	-	-	-	-	-	-	-	-	(50)	(50)	(50)	(50)	(50)	(50)	(200)
Change in assets and liabilities, net of acquisitions:																				
Receivables	70	(346)	90	152	(34)	167	(534)	183	303	119	132	(579)	268	298	119	(601)	137	(452)	815	(101)
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	(102)	(102)	(23)	27	12	(25)	(9)
Other assets	(15)	(10)	(28)	(50)	(103)	96	(22)	112	(38)	148	58	(78)	41	-	21	-	-	-	-	-
Accounts payable	(16)	69	(74)	31	10	(18)	75	(93)	30	(6)	(11)	275	44	(957)	(649)	(27)	15	(41)	83	30
Accrued liabilities	(105)	(234)	297	106	64	(92)	(165)	138	(83)	(202)	(147)	-	-	-	(147)	-	-	-	-	-
Deferred revenue and income taxes	(562)	(157)	371	75	(273)	(414)	119	401	(111)	(5)	(415)	26	292	595	498	(862)	(174)	441	595	-
Net cash provided by operating activities	(78)	(112)	1,123	617	1,550	359	112	1,264	580	2,315	120	234	1,176	(376)	1,154	(777)	638	365	1,399	1,624
INVESTING ACTIVITIES:																				
Proceeds from sale of property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sales of marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from the sale of affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditures	(59)	(53)	(48)	(47)	(207)	(45)	(51)	(52)	(51)	(199)	(67)	(50)	(50)	(25)	(192)	(25)	(25)	(25)	(25)	(100)
Investment in affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of marketable securities	(6)	(1)	(13)	10	(10)	1	(12)	1	2	(8)	(2)	4	(12)	-	(10)	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash used in investing activities	(65)	(54)	(61)	(37)	(217)	(44)	(63)	(51)	(49)	(207)	(69)	(46)	(62)	(25)	(202)	(25)	(25)	(25)	(25)	(100)
FINANCING ACTIVITIES:																				
Proceeds from debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sales of shares through stock	(104)	30	(44)	(14)	(132)	(105)	25	3	16	(61)	(121)	24	(71)	-	(168)	-	-	-	-	-
Proceeds from sales of shares and other	1	-	-	33	37	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares/dividends	(373)	(378)	(377)	(377)	(1,505)	(377)	(376)	(434)	(376)	(1,563)	(425)	(426)	(433)	(50)	(1,334)	(50)	(50)	(50)	(50)	(200)
Proceeds from minority interest in cons. joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by financing activities	(476)	(348)	(418)	(358)	(1,600)	(482)	(351)	(431)	(360)	(1,624)	(546)	(402)	(504)	(50)	(1,502)	(50)	(50)	(50)	(50)	(200)
Effect of exchange rate on cash and cash equivalents	(31)	(29)	19	-	(41)	2	(11)	14	(13)	(8)	(5)	11	(31)	-	(25)	-	-	-	-	-
Net increase (decrease) in cash and equivalents	(650)	(543)	663	222	(308)	(165)	(313)	796	158	476	(500)	(203)	579	(451)	(575)	(852)	563	290	1,324	1,324
Beginning cash and equivalents	2,732	2,082	1,539	2,202	2,732	2,424	2,259	1,946	2,742	2,424	2,900	2,400	2,197	2,776	2,900	2,325	1,473	2,036	2,326	2,325
Ending cash and equivalents	2,082	1,539	2,202	2,424	2,424	2,259	1,946	2,742	2,900	2,900	2,400	2,197	2,776	2,325	2,325	1,473	2,036	2,326	3,649	3,649

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
59	4/8/2023	B	145.00
60	6/7/2023	B	154.00
61	9/17/2023	B	146.00
62	12/31/2023	B	158.00
63	3/10/2024	B	157.00

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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	57	100%	20	35%

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