

Electronic Arts, Inc.

Large Q4 beat, and strong FY24 guidance. We remain positive from solid growth outlook. Raising P/T to \$154.

COMPANY UPDATE

Rating: BUY

Ticker: EA

Price: \$126.24

Target: \$154
(from \$145)

Large Q4 beat: EA recently (on May 9) reported its fiscal Q4 FY23 (ending March) results. Revenue was \$1.95 billion (+11% y-o-y), compared to our estimate of \$1.71 billion and consensus of \$1.76 billion. Pro forma EPS was \$1.78, compared to our estimates of \$1.30 and consensus of \$1.32. Q4 guidance was for revenue of \$1.675 – 1.775 billion and for EPS of \$1.20 – 1.40.

Strong Q4: The company again reported strong results from its sports games (particularly *FIFA* with *FIFA 23* helped by the FIFA World Cup (in Qatar) tournament). *Apex Legends* delivered revenue growth in Q4 y-o-y (at constant currency), driven by a successful Season 16 with peak weekly active users up over 20% from the previous season. Life-to-date, *The Sims 4* player network has grown to more than 70 million worldwide.

Strong FIFA 23: *FIFA 23* is the biggest title in franchise history. The FIFA franchise Q4 revenue grew +31% y-o-y. In the six months since launch, *FIFA 23* has surpassed life-time sales of *FIFA 22*, becoming the most successful launch in franchise history.

FY24 guidance: Management provided initial FY24 guidance for revenue of \$7.30 – 7.70 billion (-1% - +5%), and for EPS of \$6.35 – 6.95. This compares with prior initial general qualitative FY24 guidance for revenue and earnings to grow “mid-single-digits”. Q1 guidance is for revenue of \$1.50 – 1.60 billion and for EPS of \$0.85 – 1.05.

Raising FY24 estimates: We are raising our FY24 estimates for revenue to \$7.80 billion, from \$7.40 billion, and for EPS to \$7.08 from \$6.60. We are initiating 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.

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.

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 raising our 12-month price target to \$154 from \$145, which is calculated by applying a forward P/E of 20x 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.

June 7, 2023

Edward Woo, CFA
(561) 327-9435
ewoo@ascendant.com

Stock Data

Exchange:	NasdaqGS
52-week Range:	\$108.53 – 141.47
Shares Outstanding (million):	275
Market cap (\$million):	\$34,716
EV (\$million):	\$33,829
Debt (\$million):	\$1,880
Cash (\$million):	\$2,767
Avg. Daily Trading Vol. (\$million):	\$265
Float (million shares):	247
Short Interest (million shares):	6
Dividend, annual (yield):	\$0.76 (~0.6%)

Revenues (US\$ million)

	2024E (Cur.)	2024E (Old)	2025E (Cur.)	2025E (Old)
Q1 Jun	1,625E	1,217E	1,367E	
Q2 Sep	1,699E		1,849E	
Q3 Dec	2,639E	2,747E	2,897E	
Q4 Mar	1,838E	1,738E	1,888E	
Total	7,800E	7,400E	8,000E	
EV/Revs	4.3x		4.2x	

Earnings per Share (pro forma)

	2024E (Cur.)	2024E (Old)	2025E (Cur.)	2025E (Old)
Q1 Jun	1.10E	0.42E	0.63E	
Q2 Sep	1.54E	1.52E	1.77E	
Q3 Dec	2.74E	3.01E	3.39E	
Q4 Mar	1.71E	1.64E	1.89E	
Total	\$7.08E	\$6.60E	\$7.70E	
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 May 9) reported its fiscal Q4 FY23 (ending March) results.
- Revenue was \$1.95 billion (+11% y-o-y), compared to our estimate of \$1.71 billion and consensus of \$1.76 billion.
- Pro forma EPS was \$1.78, compared to our estimates of \$1.30 and consensus of \$1.32.
- Q4 guidance was for revenue of \$1.675 – 1.775 billion and for EPS of \$1.20 – 1.40.
- Management provided initial FY24 guidance for revenue of \$7.30 – 7.70 billion (-1% - +5%), and for EPS of \$6.35 – 6.95. This compares with prior initial general qualitative FY24 guidance for revenue and earnings to grow “mid-single-digits”.
- Initial Q1 guidance is for revenue of \$1.50 – 1.60 billion and for EPS of \$0.85 – 1.05.
- We are raising our FY24 estimates for revenue to \$7.80 billion, from \$7.40 billion, and for EPS to \$7.08 from \$6.60.
- We are initiating 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 \$1,525 million, compared with our estimate of \$1,201 million.
- Gross margin for the quarter was 78%, compared with our estimate of 70% and 79% last year.
- Operating expenses were \$930 million, compared with our estimate of \$755 million.
- Operating income was \$595 million, compared with our estimate of \$446 million.
- Pro forma net income was \$487 million, compared with our estimate of \$362 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 \$2.8 billion in cash and \$1.9 billion in debt (~\$3/share in net cash), compared with \$2.6 billion in cash and \$1.9 billion in debt as of December.

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

Existing Live Services and FY24 Title Slate

Massive Online Communities



-  Denotes new title releasing in FY24
-  Denotes annual full game release

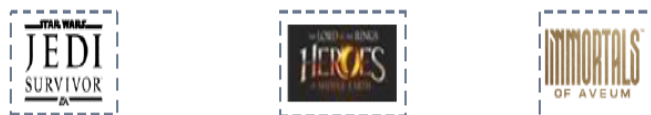
EA SPORTS & RACING



FY24 Slate – Announced Titles

- PGA Tour (Launched April 7th, 2023)
- Star Wars Jedi: Survivor (Launched April 28th, 2023)
- Lord of the Rings: Heroes of Middle Earth (Mobile title, Q1 FY24)
- Super Mega Baseball 4 (Q1 FY24)
- F1 (Q1 FY24)
- Immortals of Aveum (Q2 FY24)
- Madden 24 (Q2 FY24)
- EAS FC (Q2 FY24)
- NHL 24 (Q3 FY24)

Blockbusters & Original IP



- Only announced titles are listed. Two unannounced games in FY24 are not captured above – one EA Sports title and one Racing title.
- Refer to appendix for additional disclosures.

Source: Company reports.

Exhibit 2: Electronic Arts Stock Price (Five Years)



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

Exhibit 3: Consensus Expectations (as of May 9, 2023)

	Revenue (mils)			EPS	
	2023E	2024E		2023E	2024E
Q1 Jun	\$1,299A	\$1,524E	Q1 Jun	\$0.47A	\$0.86E
Q2 Sep	\$1,754A		Q2 Sep	\$1.45A	
Q3 Dec	\$2,342A		Q3 Dec	\$2.80A	
Q4 Mar	\$1,764E		Q4 Mar	\$1.32E	
Total	\$7,149E	\$7,529E	Total	\$6.03E	\$6.56E

**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)	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	1QE	2QE	3QE	4QE	FY-E	1QE	2QE	3QE	4QE	FY-E
Net Revenues (non GAAP)	1,336	1,851	2,577	1,751	7,515	1,299	1,754	2,342	1,946	7,341	1,625	1,699	2,639	1,838	7,800	1,367	1,849	2,897	1,888	8,000
Cost of Goods Sold	292	470	586	372	1,720	282	422	540	421	1,665	617	489	889	563	2,558	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	1,009	1,210	1,750	1,275	5,243	848	1,290	1,983	1,346	5,466
Research & Devel.	430	452	453	495	1,830	491	470	461	539	1,961	365	380	410	380	1,535	365	380	410	380	1,535
Sales & Marketing	178	218	279	232	907	221	217	241	240	919	137	175	225	152	689	137	175	225	152	689
General & Admin.	142	145	135	139	561	138	146	133	151	568	130	130	180	160	600	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	632	685	815	692	2,824	632	685	815	692	2,824
Operating Income (loss)	294	566	1,124	513	2,497	167	499	967	595	2,228	377	525	935	583	2,419	216	605	1,168	654	2,642
Interest Income	(14)	(14)	(11)	(9)	(48)	(5)	-	(7)	6	(6)	1	1	1	1	4	1	1	1	1	4
Income before Taxes	280	552	1,113	504	2,449	162	499	960	601	2,222	378	526	936	584	2,423	217	606	1,169	655	2,646
Income Taxes	50	99	200	91	441	31	95	182	114	422	72	100	178	111	460	41	115	222	124	503
Income b/f minority interest	230	453	913	413	2,008	131	404	778	487	1,800	306	426	758	473	1,962	176	491	947	531	2,144
Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	230	453	913	413	2,008	131	404	778	487	1,800	306	426	758	473	1,962	176	491	947	531	2,144
EBITDA	524	809	1,399	779	3,511	406	766	1,230	910	3,312	452	600	1,010	658	2,719	291	680	1,243	729	2,942
Shares, Basic	286	285	283	281	284	279	278	276	274	277	277	277	277	277	277	277	278	279	280	279
Shares, Diluted	289	287	285	283	286	281	279	278	274	278	277	277	277	277	277	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	1.10	1.54	2.74	1.71	7.08	0.63	1.77	3.39	1.89	7.70
EPS (Diluted pro forma)	0.79	1.58	3.20	1.46	7.02	0.47	1.45	2.80	1.78	6.47	1.10	1.54	2.74	1.71	7.08	0.63	1.77	3.39	1.89	7.70

Percentage Analysis

% of Sales

Gross Margin	78%	75%	77%	79%	77%	78%	76%	77%	78%	77%	62%	71%	66%	69%	67%	62%	70%	68%	71%	68%
Research & Devel.	32%	24%	18%	28%	24%	38%	27%	20%	28%	27%	22%	22%	16%	21%	20%	27%	21%	14%	20%	19%
Sales & Marketing	13%	12%	11%	13%	12%	17%	12%	10%	12%	13%	8%	10%	9%	8%	9%	10%	9%	8%	8%	9%
General & Admin.	11%	8%	5%	8%	7%	11%	8%	6%	8%	8%	8%	8%	7%	9%	8%	10%	7%	6%	8%	7%
Operating Profit	22%	31%	44%	29%	33%	13%	28%	41%	31%	30%	23%	31%	35%	32%	31%	16%	33%	40%	35%	33%
Net Income	17%	24%	35%	24%	27%	10%	23%	33%	25%	25%	19%	25%	29%	26%	25%	13%	27%	33%	28%	27%

Y/Y % Change

Total Revenue	-4%	103%	7%	18%	21%	-3%	-5%	-9%	11%	-2%	25%	-3%	13%	-6%	6%	-16%	9%	10%	3%	3%
Gross Margin	-5%	121%	11%	17%	23%	-3%	-4%	-9%	11%	-2%	-1%	-9%	-3%	-16%	-8%	-16%	7%	13%	6%	4%
Research & Devel.	16%	30%	20%	25%	23%	14%	4%	2%	9%	7%	-26%	-19%	-11%	-29%	-22%	0%	0%	0%	0%	0%
Sales & Marketing	62%	51%	36%	26%	41%	24%	0%	-14%	3%	1%	-38%	-19%	-7%	-37%	-25%	0%	0%	0%	0%	0%
General & Admin.	27%	34%	9%	-7%	14%	-3%	1%	-1%	9%	1%	-6%	-11%	35%	6%	6%	0%	0%	0%	0%	0%
Operating Profit	-42%	1996%	3%	15%	20%	-43%	-12%	-14%	16%	-11%	125%	5%	-3%	-2%	9%	-43%	15%	25%	12%	9%
Net Income	-45%	3147%	2%	16%	20%	-43%	-11%	-15%	18%	-10%	133%	5%	-3%	-3%	9%	-43%	15%	25%	12%	9%

Source: Company reports and Ascendant Capital Markets estimates

Electronic Arts, Inc.

Balance Sheet (\$ millions) 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	1QE	2QE	3QE	4QE	1QE	2QE	3QE	4QE
ASSETS																
Cash and Cash Equivalents	2,838	1,630	2,670	2,732	2,082	1,539	2,202	2,424	2,003	2,644	2,827	4,141	3,376	3,955	4,203	5,691
Marketable securities	881	342	346	330	334	335	351	343	343	343	343	343	343	343	343	343
A/R - net	557	1,031	965	650	579	919	836	684	1,243	832	1,343	552	1,114	899	1,501	575
Inventory	-	-	-	-	-	-	-	-	172	103	92	118	146	117	94	114
Other deferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets (& Prepaid Royalties)	401	387	377	439	522	649	453	518	518	518	518	518	518	518	518	518
Total Current Assets	4,677	3,390	4,358	4,151	3,517	3,442	3,842	3,969	4,279	4,440	5,123	5,672	5,497	5,832	6,659	7,241
Property and equipment, net	510	516	522	550	545	531	553	549	549	549	549	549	549	549	549	549
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	5,994	5,990	5,986	5,982	5,978	5,974	5,970	5,966
Other assets (& Deferred Income Tax)	2,382	2,574	2,609	2,750	2,855	2,920	2,960	2,943	2,943	2,943	2,943	2,943	2,943	2,943	2,943	2,943
TOTAL ASSETS	\$ 12,734	\$ 13,019	\$ 13,930	\$ 13,800	\$ 13,192	\$ 13,079	\$ 13,470	\$ 13,459	\$ 13,765	\$ 13,922	\$ 14,601	\$ 15,146	\$ 14,967	\$ 15,298	\$ 16,121	\$ 16,699
LIABILITIES AND SHAREHOLDERS' EQUITY																
Short term debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A/P	73	136	86	101	70	136	62	99	429	344	305	393	364	391	314	379
Accrued Liabilities	1,093	1,119	1,443	1,388	1,215	1,034	1,243	1,285	1,285	1,285	1,285	1,285	1,285	1,285	1,285	1,285
Deferred Revenues	1,305	1,322	2,101	2,024	1,548	1,391	1,808	1,901	1,039	865	1,306	1,901	1,039	865	1,306	1,901
Total Current Liabilities	2,471	2,577	3,630	3,513	2,833	2,561	3,113	3,285	2,754	2,494	2,896	3,579	2,689	2,541	2,905	3,565
Long term debt	1,877	1,877	1,878	1,878	1,878	1,879	1,879	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880
Minority Interest & Other long term liabilities	658	709	805	784	840	841	927	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001
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)	(117)	(167)	(217)	(267)	(317)	(367)	(417)	(467)
Retained earnings	7,760	7,855	7,608	7,607	7,567	7,658	7,585	7,357	8,244	8,711	9,038	8,949	9,711	10,240	10,749	10,716
Total Shareholders' Equity	7,728	7,856	7,617	7,625	7,641	7,798	7,551	7,293	8,130	8,547	8,824	8,685	9,397	9,876	10,335	10,252
TOTAL LIABILITIES AND EQUITY	\$ 12,734	\$ 13,019	\$ 13,930	\$ 13,800	\$ 13,192	\$ 13,079	\$ 13,470	\$ 13,459	\$ 13,765	\$ 13,922	\$ 14,601	\$ 15,146	\$ 14,967	\$ 15,298	\$ 16,121	\$ 16,699
Activity Ratios																
A/R Days Sales Outstanding	38	50	34	33	40	47	32	32	45	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!	15x	20x	40x	20x	15x	20x	40x	20x
A/P Days Payable	21	25	12	22	20	26	10	20	60	60	30	60	60	60	30	60
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$ 26.74	\$ 27.37	\$ 26.73	\$ 26.94	\$ 27.19	\$ 27.95	\$ 27.16	\$ 26.62	\$ 29.35	\$ 30.86	\$ 31.85	\$ 31.36	\$ 33.93	\$ 35.53	\$ 37.04	\$ 36.62
Cash per Share (diluted)	\$ 12.87	\$ 6.87	\$ 10.58	\$ 10.82	\$ 8.60	\$ 6.72	\$ 9.18	\$ 10.10	\$ 8.47	\$ 10.78	\$ 11.45	\$ 16.19	\$ 13.43	\$ 15.46	\$ 16.29	\$ 21.55
Net Cash per Share (diluted)	\$ 6.37	\$ 0.33	\$ 3.99	\$ 4.18	\$ 1.91	\$ (0.02)	\$ 2.42	\$ 3.24	\$ 1.68	\$ 3.99	\$ 4.66	\$ 9.40	\$ 6.64	\$ 8.70	\$ 9.55	\$ 14.84

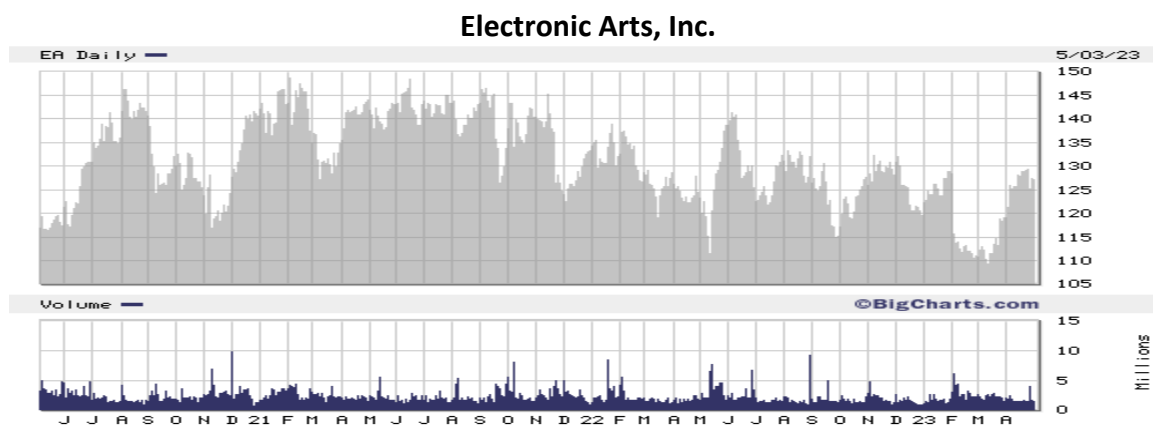
Source: Company reports and Ascendant Capital Markets estimates

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	1QE	2QE	3QE	4QE	FY-E	1QE	2QE	3QE	4QE	FY-E	
OPERATING ACTIVITIES:																					
Net Income	204	294	66	225	789	311	299	204	(12)	802	887	467	327	(88)	1,592	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	25	25	25	25	100	25	25	25	25	100	
Stock comp	125	149	129	125	528	125	140	141	142	548	50	50	50	50	200	50	50	50	50	200	
Amortization	-	-	-	-	-	-	-	-	-	-	4	4	4	4	16	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	12	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)	(200)	(50)	(50)	(50)	(50)	(200)	
Change in assets and liabilities, net of acquisitions:																					
Receivables	12	(458)	56	313	(77)	70	(346)	90	152	(34)	(562)	408	(514)	788	120	(565)	212	(605)	923	(34)	
Inventories	-	-	-	-	-	-	-	-	-	-	(172)	68	12	(26)	(118)	(28)	28	23	(20)	4	
Other assets	(74)	23	(24)	(82)	(157)	(15)	(10)	(28)	(50)	(103)	-	-	-	-	-	-	-	-	-	-	
Accounts payable	(19)	61	(51)	2	(7)	(16)	69	(74)	31	10	330	(85)	(39)	88	294	(29)	26	(77)	66	(14)	
Accrued liabilities	(302)	52	433	(14)	169	(105)	(234)	297	106	64	-	-	-	-	-	-	-	-	-	-	
Deferred revenue and income taxes	(194)	(151)	779	(266)	168	(562)	(157)	371	75	(273)	(862)	(174)	441	595	-	(862)	(174)	441	595	-	
Net cash provided by operating activities	(143)	64	1,534	444	1,899	(78)	(112)	1,123	617	1,550	(346)	716	259	1,388	2,017	(690)	654	323	1,564	1,851	
INVESTING ACTIVITIES:																					
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)	(25)	(25)	(25)	(25)	(100)	(25)	(25)	(25)	(25)	(100)	
Investment in affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase of marketable securities	222	537	(4)	20	775	(6)	(1)	(13)	10	(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	(1,989)	(1,405)	3	-	(3,391)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net cash used in investing activities	(1,811)	(911)	(49)	(33)	(2,804)	(65)	(54)	(61)	(37)	(217)	(25)	(25)	(25)	(25)	(100)	(25)	(25)	(25)	(25)	(100)	
FINANCING ACTIVITIES:																					
Proceeds from debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds from sales of shares through stock	(154)	(16)	(72)	(11)	(253)	(104)	30	(44)	(14)	(132)	-	-	-	-	-	-	-	-	-	-	
Proceeds from sales of shares and other	-	41	3	33	77	1	-	3	33	37	-	-	-	-	-	-	-	-	-	-	
Purchase of treasury shares/dividends	(325)	(373)	(373)	(373)	(1,444)	(373)	(378)	(377)	(377)	(1,505)	(50)	(50)	(50)	(50)	(200)	(50)	(50)	(50)	(50)	(200)	
Proceeds from minority interest in cons. joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net cash provided by financing activities	(479)	(348)	(442)	(351)	(1,620)	(476)	(348)	(418)	(358)	(1,600)	(50)	(50)	(50)	(50)	(200)	(50)	(50)	(50)	(50)	(200)	
Effect of exchange rate on cash and cash equivalents	11	(13)	(3)	2	(3)	(31)	(29)	19	-	(41)	-	-	-	-	-	-	-	-	-	-	
Net increase (decrease) in cash and equivalents	(2,422)	(1,208)	1,040	62	(2,528)	(650)	(543)	663	222	(308)	(421)	641	184	1,313	1,717	(765)	579	248	1,489	1,551	
Beginning cash and equivalents	5,260	2,838	1,630	2,670	5,260	2,732	2,082	1,539	2,202	2,732	2,424	2,003	2,644	2,827	2,424	4,141	3,376	3,955	4,203	4,141	
Ending cash and equivalents	2,838	1,630	2,670	2,732	2,732	2,082	1,539	2,202	2,424	2,424	2,003	2,644	2,827	4,141	4,141	3,376	3,955	4,203	5,691	5,691	

Source: Company reports and Ascendant Capital Markets estimates

ANALYST CERTIFICATION

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.



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

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

IMPORTANT DISCLOSURES

This report has been distributed by Ascendant Capital Markets, LLC and is for the sole use of our clients. This report is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. This report contains information from various sources, including United States government publications, The Wall Street Journal and other periodicals, Yahoo! Finance and other sources, and is for informational purposes only and is not a recommendation to trade in the securities of the companies mentioned within the report. We seek to update our research and recommendations as appropriate, but the large majority of reports are published at irregular intervals as we consider appropriate and, in some cases, as constrained by industry regulations.

We may have a business relationship with companies covered in this report. Ascendant Capital Markets, LLC may make a market in the securities of the subject company. We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives (including options and warrants) thereof of covered companies referred to in this report. This report is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any information in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of the investments referred to in this report may fluctuate.

Following are some general risks that can adversely impact future operational and financial performance and share price valuation: (1) industry fundamentals with respect to legislation, mandates, incentives, customer demand, or product pricing; (2) issues relating to competing companies or products; (3) unforeseen developments with respect to management, financial condition or accounting policies or practices; or (4) external factors that affect the interest rates, currency, the economy or major segments of the economy. Past performance is not a guide to future performance, future returns are not guaranteed, and loss of original capital may occur. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Our report is disseminated primarily electronically, and, in some cases, in printed form. The information contained in this report is not incorporated into the contents of our website and should be read independently thereof. Copyright Ascendant Capital Markets, LLC. No part of this material may be copied, photocopied or duplicated by any means or redistributed without the prior written consent of Ascendant Capital Markets, LLC.

Risks & Considerations

Risks to attainment of our share price target include changes in demand for the company's products, changes to game release timing, competition, piracy of software, and weaker macroeconomic factors.

Ascendant Capital Markets, LLC Rating System

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 April 14, 2023)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	49	98%	18	37%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	50	100%	18	36%

Other Important Disclosures

Our analysts use various valuation methodologies including discounted cash flow, price/earnings (P/E), enterprise value/EBITDAS, and P/E to growth rate, among others. Risks to our price targets include failure to achieve financial results, product risk, regulatory risk, general market conditions, and the risk of a change in economic conditions.

Dissemination of Research

Ascendant Capital Markets, LLC research is distributed electronically via the Thomson Reuters platforms, Bloomberg, Capital IQ and FactSet. Please contact your investment advisor or institutional salesperson for more information.

General Disclaimer

The information and opinions in this report were prepared by Ascendant Capital Markets, LLC. This information is not intended to be used as the primary basis of investment decisions and because of individual client objectives it should not be construed as advice designed to meet the particular investment needs of any investor. This material is for information purposes only and is not an offer or solicitation with respect to the purchase or sale of any security. The reader should assume that Ascendant Capital Markets, LLC may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein. The opinions, estimates, and projections contained in this report are those of Ascendant Capital Markets, LLC as of the date of this report and are subject to change without notice. Ascendant Capital Markets, LLC endeavors to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, Ascendant Capital Markets, LLC makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein, and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to Ascendant Capital Markets, LLC, or its affiliates that is not reflected in this report. This report is not to be construed as an offer or solicitation to buy or sell any security.

Additional Disclosures

Ascendant Capital Markets, LLC is a broker-dealer registered with the United States Securities and Exchange Commission (SEC) and a member of the FINRA and SIPC. Ascendant Capital Markets, LLC is not a Registered Investment Advisor nor is it an investment advisor registered with the Securities and Exchange Commission or with the securities regulators of any state, and at the present time is not eligible to file for federal registration.