

Electronic Arts Inc. (EA)

\$204.79 (Stock Price as of 12/26/2025)

Price Target (6-12 Months): **\$214.00**

Long Term: 6-12 Months | **Zacks Recommendation:** **Neutral**
(Since: 11/19/25)
Prior Recommendation: Outperform

Short Term: 1-3 Months | **Zacks Rank:** (1-5) **3-Hold**
Zacks Style Scores: VGM: F
Value: D | Growth: F | Momentum: A

Summary

Electronic Arts benefits from a powerful portfolio of globally recognized franchises, supported by a strong and expanding live-service model that delivers recurring, high-margin revenue. Its successful focus on community-driven titles, cross-platform ecosystems and ongoing content updates enhances player engagement, strengthens monetization and provides solid long-term growth visibility. Strong cash generation and liquidity reinforce financial stability and sustained investment capacity. However, the company faces broad-based revenue softness across key platforms, alongside rising development and marketing costs that pressure margins. Dependence on aging sports franchises and a relatively thin pipeline increases execution risks. Intense competition also poses challenges for maintaining momentum and protecting market share.

Data Overview

52 Week High-Low	\$204.84 - \$115.21
20 Day Average Volume (sh)	1,935,282
Market Cap	\$51.2 B
YTD Price Change	40.0%
Beta	0.76
Dividend / Div Yld	\$0.76 / 0.4%
Industry	Gaming
Zacks Industry Rank	Bottom 26% (178 out of 243)

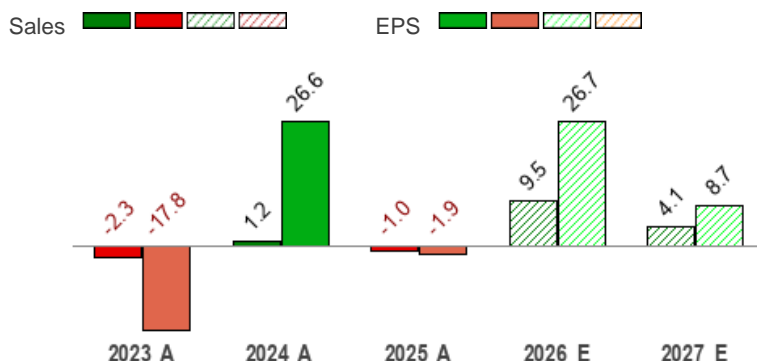
Last EPS Surprise	-4.7%
Last Sales Surprise	-2.5%
EPS F1 Est- 4 week change	1.3%
Expected Report Date	02/03/2026
Earnings ESP	0.0%

P/E TTM	35.1
P/E F1	23.7
PEG F1	1.8
P/S TTM	7.0

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027	1,581 E	2,196 E	2,767 E	2,011 E	8,388 E
2026	1,298 A	1,818 A	2,898 E	1,996 E	8,055 E
2025	1,262 A	2,079 A	2,215 A	1,799 A	7,355 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027	1.08 E	2.26 E	4.18 E	2.15 E	9.39 E
2026	0.25 A	1.21 A	4.73 E	2.35 E	8.64 E
2025	0.52 A	2.15 A	2.83 A	1.54 A	6.82 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/26/2025.

(2) The report's text and the price target are as of 12/08/2025.

Overview

Electronic Arts, popularly known as EA, is a leading developer, marketer, publisher and distributor of digital interactive entertainment, including games, extra content and services. Its portfolio includes wholly owned games like *Apex Legends*, *Battlefield*, and *The Sims* or licensed from others, including *Madden NFL*, *Star Wars* and others.

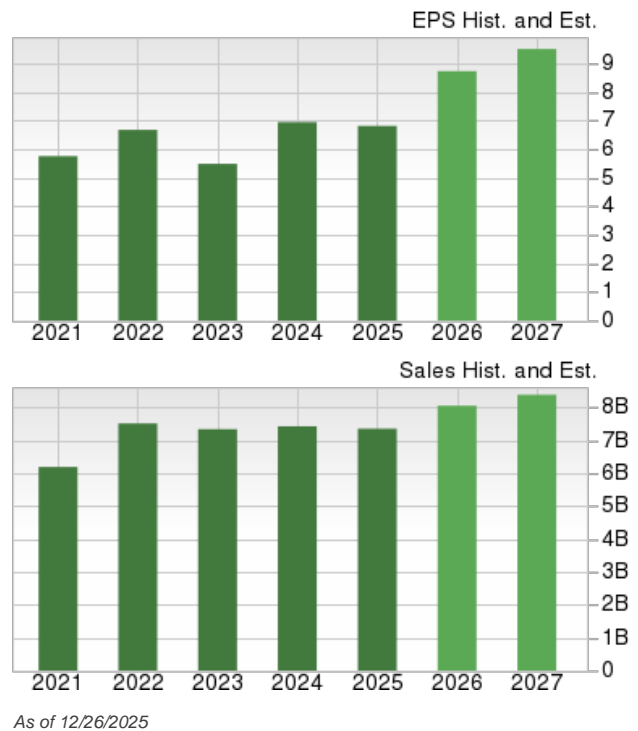
Headquartered in Redwood City, CA, EA generated revenues of \$7.463 billion in fiscal 2025, of which live services and other revenues contributed 73.2% and the remaining were generated from full game downloads. Net bookings for fiscal 2025 were \$7.355 billion.

Live service offerings include extra content, subscription offerings and other revenues generated outside of the sale of EA's base games. The most popular live services are the extra content purchased for the Ultimate Team mode associated with EA's sports franchises and the extra content purchased for the *Apex Legends* franchise.

Players can access EA's games and services through traditional single-game purchases or through subscription offerings. Moreover, certain games and services are available through a "free-to-play" model, whereby players download the game for free and engage with services provided on an ongoing basis.

EA games can be played on consoles from Microsoft and Sony, personal computers, mobile devices and tablets. EA develops and publishes games and services across diverse genres, such as sports, racing, first-person shooter, action, roleplaying and simulation. Beginning fiscal 2024, EA's global football franchise will transitioned to a new EA SPORTS FC brand.

EA faces substantial competition from console and personal computer game publishers and diversified media companies including Sony, Microsoft, Nintendo, Take-Two Interactive and Ubisoft.



Reasons To Buy:

- ▲ EA's popularity is primarily driven by its well-known franchises, which will continue to fuel the top line. EA SPORTS titles, along with *Madden NFL*, *The Sims* and *Apex Legends*, are some of its biggest franchises. EA's sports franchises are delivering exceptional results, with EA SPORTS achieving its biggest net bookings year ever. The American Football ecosystem surpassed \$1 billion in net bookings, up over 70% year over year, while EA SPORTS FC rebounded strongly after a mid-year slowdown. Following the January gameplay update, FC showed double-digit player engagement growth with the competitive cohort returning to normalized levels. This powerful sports portfolio provides EA with consistent revenue streams and massive global growth potential.
- ▲ EA's strong live-services business remains the cornerstone of its investment demand, providing sustainable and growing revenue visibility. In second-quarter fiscal 2026, both *Apex Legends* and *Madden NFL 26* achieved year-over-year net bookings growth, with *Apex* posting double-digit gains, a clear indicator of player loyalty and deeper engagement. Live services and other revenues contributed approximately 66% of total sales, underscoring EA's effective shift toward recurring, high-margin income streams. This model not only mitigates dependence on new title launches but also enhances long-term profitability through steady monetization of add-on content, in-game transactions and seasonal events, positioning EA for consistent earnings growth and cash-flow stability.
- ▲ Electronic Arts' strong cash flow and liquidity position make it an attractive pick for investors seeking financial stability and consistent returns. The company ended the second quarter of fiscal 2026 with \$1.26 billion in cash and short-term investments, supported by \$130 million in quarterly operating cash flow and \$1.87 billion over the past 12 months. This robust cash generation enables sustained shareholder returns and continued investment in core franchises and live-service expansion.

EA's strong franchises, expanding live services and solid cash flow support sustained growth, profitability and long-term investor value.

Reasons To Sell:

- ▼ Electronic Arts is witnessing broad-based revenue softness across its key platforms, reflecting muted player spending and slower adoption of new releases. In the second quarter of fiscal 2026, console revenues declined 11.8% year over year, while PC & Other and mobile revenues fell 3.3% and 4.2%, respectively, signaling widespread weakness across the portfolio. The downturn in console performance is especially concerning. This platform-wide deceleration raises concerns about near-term engagement momentum and potential pressure on EA's revenue growth trajectory.
- ▼ Rising R&D and marketing investments, coupled with sluggish top-line growth, are pressuring Electronic Arts' profitability and margins. In the second quarter of fiscal 2026, gross margin contracted 200 basis points to 75.9%, reflecting higher development and content-support costs. Operating expenses increased 0.9% year over year to \$1.2 billion, while operating expenses as a percentage of revenues expanded sharply from 58.5% to 65%, indicating weaker cost leverage. While EA's increased spending on live services and new IP development supports long-term growth ambitions, these investments are weighing on near-term profitability, delaying margin recovery and heightening short-term earnings pressure.
- ▼ The video game publishing industry is intensely competitive. EA faces significant competition from the likes of Take-Two Interactive and Activision Blizzard. The resultant pressure can affect margins and lead to market share losses. Microsoft's acquisition of Activision is expected to further intensify competition for EA.

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Last Earnings Report

Electronic Arts Q2 Earnings & Revenues Miss Estimates, Decline Y/Y

Electronic Arts reported second-quarter fiscal 2026 earnings of 54 cents per share, which missed the Zacks Consensus Estimate of \$1.27, and decreased 51.4% year over year. Revenues declined 9.2% year over year to \$1.84 billion and lagged the consensus mark of \$1.86 billion, reflecting a challenging comparison to the prior-year period, which had benefited from the extraordinary launch of *College Football 25*.

Net bookings for the fiscal second quarter totaled \$1.82 billion, down 12.6% year over year, primarily due to a difficult year-over-year comparison.

Full-game net bookings totaled \$700 million, down 15.9% year over year. Live services net bookings were \$1.118 billion, declining 10.3% year over year.

Quarter Details of EA

EA's full-game revenues (33.6% of total revenues) decreased 13.7% year over year to \$618 million. Full-game download revenues declined 15.6% year over year to \$401 million. Revenues from packaged goods fell 10% year over year to \$217 million.

Live services and other revenues (66.4% of total revenues) decreased 6.7% year over year to \$1.221 billion.

Based on platforms, revenues from consoles declined 11.8% year over year to \$1.212 billion in the reported quarter. Revenues from PC & Other decreased 3.3% year over year to \$352 million. Revenues from the mobile platform fell 4.2% year over year to \$275 million.

Operating Details of EA

EA's GAAP gross profit decreased 11% from the year-ago quarter's levels to \$1.4 billion. Gross margin contracted 200 basis points on a year-over-year basis to 75.9%.

Operating expenses increased 0.9% year over year to \$1.2 billion. As a percentage of revenues, operating expenses expanded from 58.5% in the year-ago quarter to 65%.

Operating income on a GAAP basis decreased 47.9% year over year to \$200 million. The operating margin contracted from 19% in the year-ago quarter to 10.9% in the reported quarter.

Electronic Arts' Balance Sheet and Cash Flow

As of Sept. 30, 2025, EA had \$1.26 billion in cash and short-term investments compared with \$1.63 billion as of June 30, 2025.

Net cash provided by operating activities was \$130 million for the quarter and \$1.87 billion for the trailing twelve months.

EA repurchased 2.3 million shares for \$375 million during the quarter under the stock repurchase program, bringing the total for the trailing twelve months to 17.5 million shares for \$2.5 billion.

The company declared a quarterly cash dividend of 19 cents per share of the common stock. The dividend will be paid out on Dec. 23, 2025, to its stockholders of record as of the close of business on Dec. 3.

Pending Acquisition

EA announced on Sept. 29, 2025, that it had entered into a definitive agreement to be acquired by an investor consortium comprising The Public Investment Fund, private investment funds affiliated with Silver Lake Group L.L.C. and private investment funds affiliated with Affinity Partners in an all-cash transaction, valuing EA at an enterprise value of approximately \$55 billion. The transaction remains subject to customary closing conditions, including required regulatory approvals and approval by EA stockholders.

FY Quarter Ending **3/31/2025**

Earnings Reporting Date	Oct 28, 2025
Sales Surprise	-2.45%
EPS Surprise	-4.72%
Quarterly EPS	1.21
Annual EPS (TTM)	5.83

Recent News

On Nov. 18, Electronic Arts confirmed that EA SPORTS F1 will deliver a paid 2026 season expansion for *F1 25* — featuring new cars, teams, and regulations — and will return with a fully reimagined next-gen F1 game in 2027.

On Oct. 28, Electronic Arts and Battlefield Studios launched the official *Battlefield* playlist featuring top-tier artists, now playable in-game and streamable on Spotify.

On Oct. 10, Electronic Arts Inc. announced the release of *Battlefield 6*, the “ultimate all-out warfare experience” featuring intense multiplayer combat, a blockbuster single-player campaign and expansive creator tools.

On Oct. 07, Electronic Arts Inc. announced that its sports-division brand EA SPORTS is teaming up with The Athletic to deliver premium sports-journalism and interactive content via the EA SPORTS App. for next-gen fans worldwide.

On Oct. 06, Electronic Arts Inc. announced that *EA SPORTS NHL 26* will collaborate with Prime Video to deliver a special season-launch event—integrating the docuseries *FACEOFF: Inside the NHL* Season 2 into the game with themed HUT challenges and exclusive rewards.

On Sept. 29, Electronic Arts announced an agreement to be acquired by a consortium comprising Public Investment Fund (PIF), Silver Lake and Affinity Partners for \$55 billion.

On Sept. 26, Electronic Arts launched *EA SPORTS FC 26* worldwide across consoles, PC, Nintendo Switch, and cloud, alongside the EA SPORTS FC Mobile 26 update, delivering new community-driven football experiences.

On Sept. 16, Electronic Arts and Full Circle launched *skate*. in Early Access across consoles and PC, introducing free-to-play, cross-platform, and cross-progression gameplay as the franchise returns with evolving content and community-driven updates.

On Sept. 12, Electronic Arts launched *EA SPORTS NHL 26* worldwide on PlayStation 5 and Xbox Series X|S, featuring ICE-Q 2.0 technology, a revamped Be A Pro mode, and new HUT Seasons to kick off the hockey season ahead of the NHL 2025-26 schedule.

Valuation

EA shares are up 38.8% in the past six-month period and 23.2% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 6.5% in the past six-month period, and the same in the Zacks Consumer Discretionary sector are down 3.8%. Over the past year, Zacks' sub-industry has grown by 5.6%, while the sector has declined by 1.9%.

The S&P 500 index is up 17.3% in the past six-month period and up 16.4% in the past year.

The stock is currently trading at 6.16X forward 12-month sales, which compares to 2.71X for the Zacks sub-industry, 2.35X for the Zacks sector and 5.34X for the S&P 500 index.

Over the past five years, the stock has traded as high as 6.95X and as low as 3.87X, with a 5-year median of 4.72X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$214 price target reflects 6.47X forward 12-month sales.

The table below shows summary valuation data for EA

Valuation Multiples - EA					
		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	6.16	2.71	2.35	5.34
	5-Year High	6.95	4.69	3.48	5.5
	5-Year Low	3.87	2.2	1.68	3.83
	5-Year Median	4.72	2.8	2.3	5.04
P/B TTM	Current	8.48	11.47	3.46	8.56
	5-Year High	8.48	12.67	5.55	9.16
	5-Year Low	3.99	4.50	2.48	6.6
	5-Year Median	4.92	7.87	3.54	8.04
EV/Sales TTM	Current	7.01	3.63	2.87	5.77
	5-Year High	7.01	10.18	4.38	5.81
	5-Year Low	3.99	2.8	2.3	3.77
	5-Year Median	5	3.84	2.82	5.12

As of 12/05/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Bottom 26% (178 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Sony Corporation (SONY)	Outperform	2
Hasbro, Inc. (HAS)	Neutral	3
Mattel, Inc. (MAT)	Neutral	3
Microsoft Corporation (MSFT)	Neutral	3
Nintendo Co. (NTDOY)	Neutral	3
Take-Two Interactive... (TTWO)	Neutral	3
Ubisoft Entertainment... (UBSFY)	Neutral	4
JAKKS Pacific, Inc. (JAKK)	Underperform	5

Industry Comparison⁽¹⁾ Industry: Gaming

	EA	X Industry	S&P 500	MAT	MSFT	TTWO
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	F	-	-	F	B	C
Market Cap	51.22 B	537.98 M	39.26 B	6.30 B	3,624.85 B	47.32 B
# of Analysts	7	2	22	6	16	15
Dividend Yield	0.37%	0.00%	1.4%	0.00%	0.75%	0.00%
Value Score	D	-	-	B	D	F
Cash/Price	0.02	0.17	0.04	0.11	0.03	0.05
EV/EBITDA	26.23	6.74	14.73	7.44	22.55	102.77
PEG Ratio	1.80	2.04	2.23	2.37	1.85	2.26
Price/Book (P/B)	8.51	1.79	3.38	2.78	9.98	13.79
Price/Cash Flow (P/CF)	32.61	11.33	15.45	8.52	26.66	8.97
P/E (F1)	23.70	22.95	20.04	12.92	31.24	77.98
Price/Sales (P/S)	7.03	1.32	3.15	1.20	12.34	7.61
Earnings Yield	4.27%	3.29%	4.94%	7.75%	3.20%	1.28%
Debt/Equity	0.25	0.02	0.57	0.77	0.10	0.73
Cash Flow (\$/share)	6.28	0.31	8.98	2.38	18.29	28.54
Growth Score	F	-	-	F	A	A
Hist. EPS Growth (3-5 yrs)	0.65%	1.65%	8.21%	11.02%	14.94%	-39.14%
Proj. EPS Growth (F1/F0)	26.69%	23.07%	8.54%	-3.09%	14.44%	60.00%
Curr. Cash Flow Growth	-9.71%	-9.17%	7.00%	20.28%	23.15%	16.27%
Hist. Cash Flow Growth (3-5 yrs)	1.03%	5.71%	7.48%	42.12%	18.96%	50.54%
Current Ratio	0.84	1.18	1.19	1.60	1.40	1.15
Debt/Capital	19.84%	13.25%	38.15%	43.46%	8.88%	42.31%
Net Margin	12.14%	-2.40%	12.77%	8.27%	35.71%	-64.27%
Return on Equity	15.30%	-1.57%	17.03%	20.60%	32.45%	12.49%
Sales/Assets	0.59	0.58	0.53	0.82	0.50	0.60
Proj. Sales Growth (F1/F0)	9.50%	0.22%	5.85%	0.90%	15.40%	14.80%
Momentum Score	A	-	-	F	C	F
Daily Price Chg	0.00%	0.00%	-0.03%	1.45%	-0.06%	1.78%
1 Week Price Chg	0.09%	-0.86%	1.40%	-0.69%	1.54%	2.46%
4 Week Price Chg	1.37%	-2.37%	1.18%	-4.07%	-0.87%	4.07%
12 Week Price Chg	2.04%	-16.63%	3.19%	12.18%	-5.73%	-0.62%
52 Week Price Chg	38.26%	-12.51%	16.06%	12.81%	13.28%	37.37%
20 Day Average Volume	1,935,282	100,052	2,767,182	4,087,431	22,805,946	1,335,047
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	1.25%	0.00%	0.00%	0.00%	0.09%	-0.01%
(F1) EPS Est 12 week change	5.89%	-0.30%	0.67%	-2.89%	2.99%	31.38%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	0.10%	0.00%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	D
Growth Score	F
Momentum Score	A
VGM Score	F

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

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