



TAKE-TWO INTERACTIVE
SOFTWARE, INC.
(NASDAQ: TTWO)

THIRD QUARTER FISCAL 2024 RESULTS &
GUIDANCE SUMMARY

CAUTIONARY NOTE: FORWARD LOOKING STATEMENTS

Statements contained herein which are not historical facts are considered forward-looking statements under federal securities laws and may be identified by words such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "potential," "predicts," "projects," "seeks," "should," "will," or words of similar meaning and include, but are not limited to, statements regarding the outlook for the Company's future business and financial performance. Such forward-looking statements are based on the current beliefs of our management as well as assumptions made by and information currently available to them, which are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict. Actual outcomes and results may vary materially from these forward-looking statements based on a variety of risks and uncertainties including risks relating to our combination with Zynga Inc.; the risks of conducting business internationally, including as a result of unforeseen geopolitical events; the impact of changes in interest rates by the Federal Reserve and other central banks, including on our short-term investment portfolio; the impact of inflation; volatility in foreign currency exchange rates; our dependence on key management and product development personnel; our dependence on our NBA 2K and Grand Theft Auto products and our ability to develop other hit titles; our ability to leverage opportunities on PlayStation®5 and Xbox Series X|S; factors affecting our mobile business, such as player acquisition costs; the timely release and significant market acceptance of our games; the ability to maintain acceptable pricing levels on our games.

Other important factors and information are contained in the Company's most recent Annual Report on Form 10-K, including the risks summarized in the section entitled "Risk Factors," the Company's most recent Quarterly Report on Form 10-Q, and the Company's other periodic filings with the SEC, which can be accessed at www.take2games.com. All forward-looking statements are qualified by these cautionary statements and apply only as of the date they are made. The Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Q3 FY2024 RESULTS SUMMARY: GAAP

FINANCIAL SUMMARY (\$ in millions, except EPS)

Q3

	ACTUAL	GUIDANCE
GAAP Net Revenue	\$1,366	\$1,290 TO \$1,340
Operating Expenses	\$808	\$826 TO \$836
GAAP Net Loss	\$(92)	\$(124) TO \$(107)
GAAP EPS	\$(0.54)	\$(0.73) TO \$(0.63)

Note: GAAP results were impacted by: 1) an impairment charge of \$53 million, 2) \$177 million of amortization of acquired intangibles, and 3) a tax benefit of \$40 million for a lapse in statute

Q3 FY2024 RESULTS SUMMARY: SELECT MANAGEMENT AND OPERATING RESULTS

SELECT FINANCIAL DATA (\$ in millions)

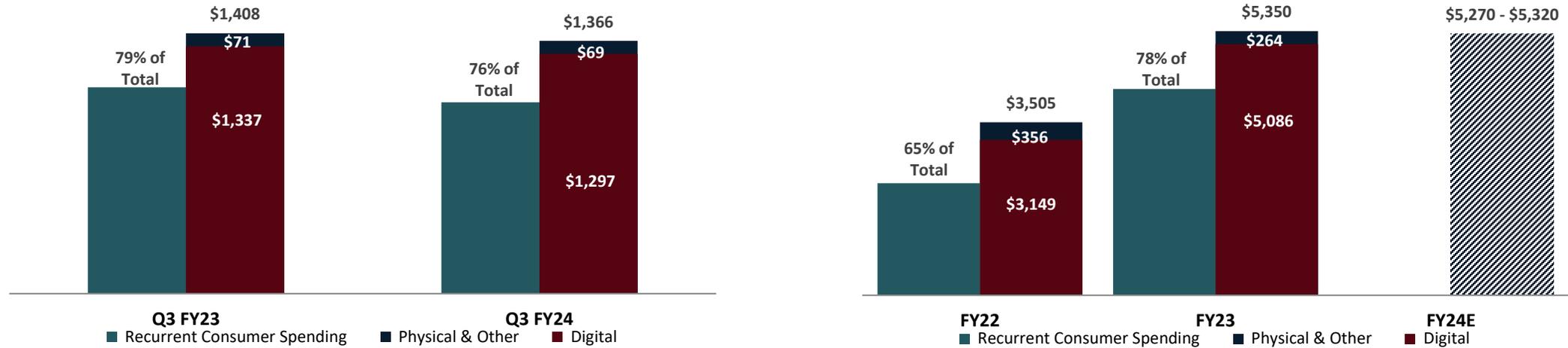
	Q3	
	ACTUAL	GUIDANCE
Net Bookings	\$1,338	\$1,300 TO \$1,350
Recurrent Consumer Spending Growth (RCS)	-7%	-5%

- We delivered solid holiday results, including Net Bookings of \$1.34 billion, which were within our guidance range
- *Grand Theft Auto V*, *Grand Theft Auto Online*, the *Red Dead Redemption* series, and Zynga's in-app purchases, led by *Toon Blast*, exceeded our expectations. This was partially offset by softness in mobile advertising and *NBA 2K24*
- RCS declined 7%, slightly below our outlook, driven by weakness in mobile advertising and *NBA 2K*, which was largely due to the effect of lower unit sales on its in-game monetization. RCS for *Grand Theft Auto Online* virtual currency and GTA+ membership was up notably
- On a management basis, operating expenses rose 4% YoY and was favorable to our guidance, due to lower marketing and personnel expenses

NET REVENUE AND NET BOOKINGS

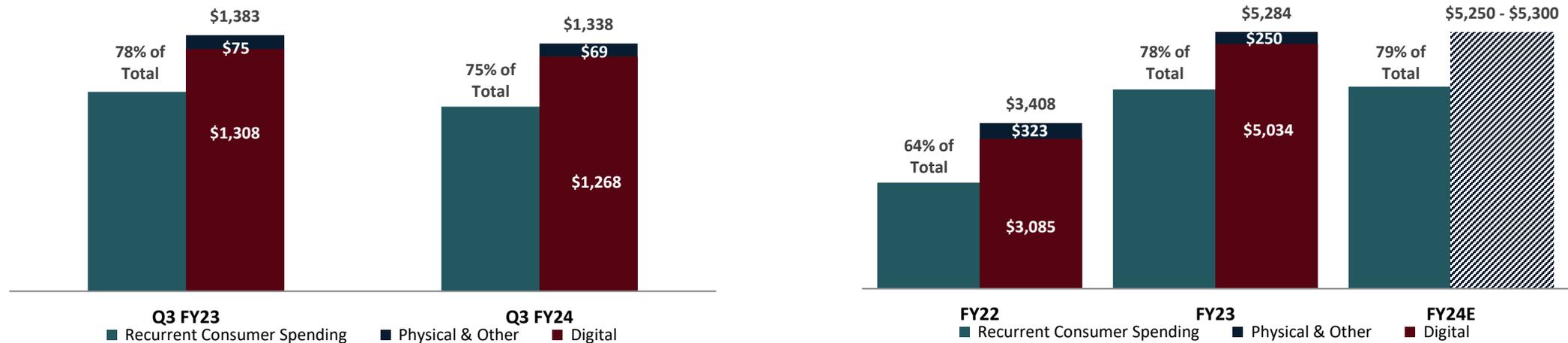
GAAP Net Revenue

\$ in Millions



Net Bookings (Operational Metric)

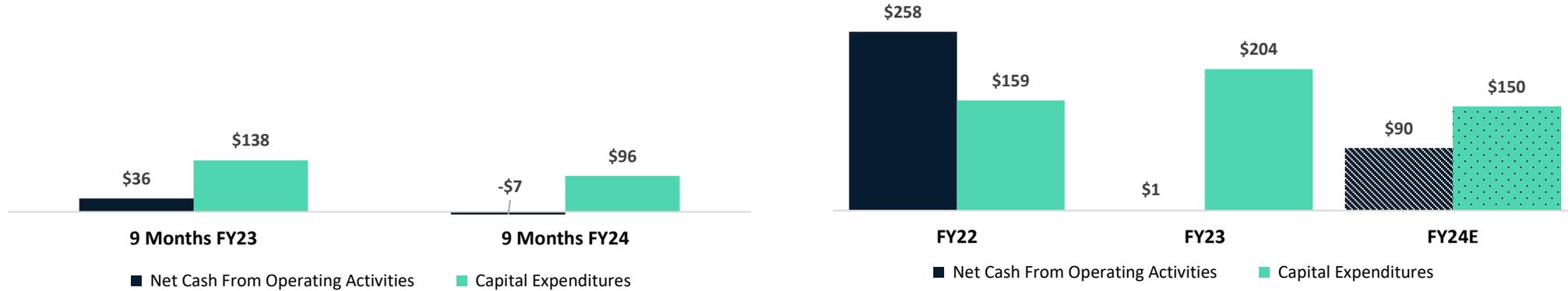
\$ in Millions



CASH FLOW

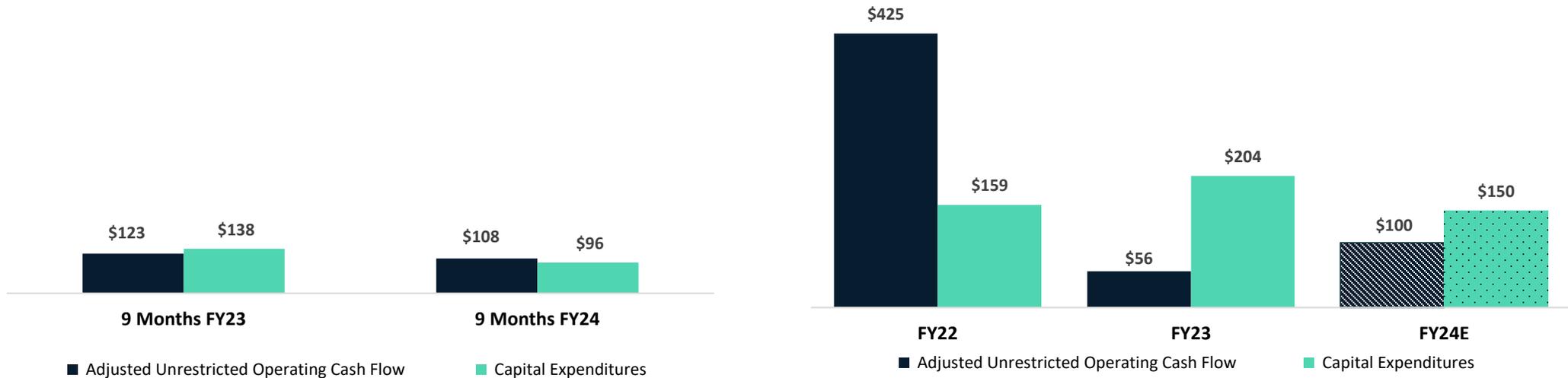
Net Cash From Operating Activities

\$ in Millions



Adjusted Unrestricted Operating Cash Flow (Non-GAAP)⁽¹⁾

\$ in Millions



(1) The Company is reporting a Non-GAAP measure of financial performance: Adjusted unrestricted Operating Cash Flow, which is defined as GAAP net cash from operating activities, adjusted for changes in restricted cash. See slide 15 for a reconciliation to the most directly comparable GAAP measure.

FY 2024 GUIDANCE: GAAP

FISCAL YEAR 2024 GUIDANCE (\$ in millions, except EPS)

	FY 2024 REVISED GUIDANCE	PRIOR GUIDANCE
GAAP Net Revenue	\$5,270 TO \$5,320	PREVIOUSLY: \$5,370 TO \$5,470
Operating Expenses	\$3,545 TO \$3,555	PREVIOUSLY: \$3,530 TO \$3,550
GAAP Net Loss	\$(1,013) TO \$(995)	PREVIOUSLY: \$(957) TO \$(910)
GAAP EPS	\$(5.95) TO \$(5.85)	PREVIOUSLY: \$(5.62) TO \$(5.35)

FY 2024 GUIDANCE: SELECT FINANCIAL DATA

FISCAL YEAR 2024 GUIDANCE (\$ in millions, except EPS)

	FY 2024 CURRENT GUIDANCE (\$ IN MILLIONS)	FY 2024 PRIOR GUIDANCE (\$ IN MILLIONS)
Net Bookings	\$5,250 TO \$5,300	PRIOR:\$5,450 TO \$5,550
Recurrent Consumer Spending Growth (RCS)	+1% YOY	PRIOR: +4%
Non-GAAP Adjusted Unrestricted Operating Cash Flow	APPROXIMATELY \$100	NO CHANGE

\$ in millions except for per share amounts	Outlook ⁽¹⁾	Fiscal Year Ending March 31, 2024 Financial Data			
		Change in deferred net revenue and related cost of revenue	Stock-based compensation	Amortization and impairment of acquired intangibles	Business acquisition and other ^(a)
GAAP					
Total net revenue	\$5,270 to \$5,320	\$(20)			
Cost of revenue	\$2,787 to \$2,806		\$(27)	\$(991)	\$10
Operating expenses	\$3,545 to \$3,555		\$(309)	\$(115)	\$(200)
Interest and other, net	\$110	\$1			\$(22)
(Loss) income before income taxes	\$(1,172) to \$(1,151)	\$(21)	\$336	\$1,106	\$212
Net loss	\$(1,013) to \$(995)				
Net loss per share	\$(5.95) to \$(5.85)				
Net cash provided by operating activities	approximately \$90				
Capital expenditures	approximately \$150				
Non-GAAP					
EBITDA	\$313 to \$334	\$(20)	\$336		\$25
Adjusted Unrestricted Operating Cash Flow	approximately \$100				
Operational metric					
Net Bookings	\$5,250 to \$5,300				

- Management reporting tax rate anticipated to be 18%
- Share count used to calculate GAAP net loss per share is expected to be 170.1 million
- Share count used to calculate management reporting diluted net income per share is expected to be 172.4 million

- We are lowering our outlook to reflect the softness we are currently experiencing in mobile advertising and *NBA 2K24*, a planned release moving out of the Q4, and increased marketing for Zynga's new hit mobile title, *Match Factory!* While the timing of the user acquisition expense will lower our profitability in the current fiscal year, we believe that this investment will allow us to grow its audience meaningfully and increase the lifetime value of the franchise. Our revised Net Bookings forecast is \$5.25 to \$5.3 billion
- We project RCS growth of 1% YoY, which includes a full year of Zynga, partially offset by a slight decline in *NBA 2K*. *GTA Online* is expected to deliver modest growth for virtual currency and GTA+ membership
- We have always managed Take-Two for the long-term, and we have great confidence in our groundbreaking pipeline for fiscal 2025 and beyond
- We are currently working on a significant cost reduction program across our entire business to maximize our margins, while still investing for growth. These measures are incremental to, and even more robust than, our prior cost reduction program, and we aim to achieve greater operating leverage as we roll out our eagerly-awaited release schedule



(1) The individual components of the financial outlook may not foot the totals, as the Company does not expect actual results for every component to be at the low end or high end of the outlook range simultaneously.

Q4 FY2024 GUIDANCE: GAAP

Q4 FISCAL 2024 GUIDANCE (\$ in millions, except EPS)

	<u>Q4 FY24 GUIDANCE</u>
GAAP Net Revenue	\$1,323 TO \$1,373
Operating Expenses	\$896 TO \$906
GAAP Net Loss	\$(170) TO \$(153)
GAAP EPS	\$(0.90) TO \$(1.00)

Q4 FY2024 GUIDANCE: SELECT FINANCIAL DATA

Q4 FISCAL 2024 GUIDANCE (\$ in millions, except EPS)

Q4 FY2024 GUIDANCE (\$ IN MILLIONS)

Net Bookings \$1,270 TO \$1,320

Recurrent Consumer Spending Growth (RCS) -5% YOY

\$ in millions except for per share amounts	Three Months Ending March 31, 2024				
	Outlook ⁽¹⁾	Change in deferred net revenue and related cost of revenue	Stock-based compensation	Amortization of intangible assets	Business acquisition and other
GAAP					
Total net revenue	\$1,323 to \$1,373	\$(57)			
Cost of revenue	\$609 to \$628	\$(3)	\$(6)	\$(164)	
Operating expenses	\$896 to \$906		\$(82)	\$(20)	\$6
Interest and other, net	\$30				\$(2)
(Loss) income before income taxes	\$(213) to \$(192)	\$(54)	\$88	\$184	\$(4)
Net loss	\$(170) to \$(153)				
Net loss per share	\$(1.00) to \$(0.90)				
Non-GAAP					
EBITDA	\$33 to \$55	\$(54)	\$88		\$(6)
Operational metric					
Net Bookings	\$1,270 to \$1,320				

- Management reporting tax rate anticipated to be 18%
- Share count used to calculate GAAP net loss per share is expected to be 170.6 million
- Share count used to calculate management reporting diluted net income per share is expected to be 173.0 million
- We expect to deliver Net Bookings of \$1.270 billion to \$1.320 billion
- Our release slate for the quarter includes *WWE 2K24*, as well as *Penny's Big Breakaway* from Private Division
- We project recurrent consumer spending to decrease by approximately 5%, which assumes flat results for Zynga and a decline for *NBA 2K*. For *Grand Theft Auto Online*, virtual currency and GTA+ membership are expected to be up



(1) The individual components of the financial outlook may not foot the totals, as the Company does not expect actual results for every component to be at the low end or high end of the outlook range simultaneously.

FY24-FY26 PIPELINE DETAILS

	FY 2024 – FY 2026*	TITLES OFFICALLY ANNOUNCED TO-DATES
Immersive Core	17	<ul style="list-style-type: none"> • <i>NBA 2K24 (2K)</i> – Launched September 8, 2023 • <i>WWE 2K24 (2K)</i> – Launching March 8, 2024 • <i>Grand Theft Auto VI</i> – Launching Calendar 2025 • <i>Judas (Ghost Story Games)</i> – TBA • <i>Top Spin 2K25</i> – TBA
Independent	7	<ul style="list-style-type: none"> • <i>After Us (Private Division)</i> – Launched May 23, 2023 • <i>Rollerdrome (Private Division)</i> – Launched for Xbox Series X S November 28, 2023 • <i>Penny’s Big Breakaway (Private Division)</i> – Launching Q4 Fiscal 2024 • <i>No Rest for the Wicked (Private Division)</i> – Launching Q1 Fiscal 2025 • <i>Tales of the Shire (Private Division)</i> – Fiscal 2025 • Title planned from partnership with Game Freak
Mobile** (Currently scheduled for worldwide launch)	18	<ul style="list-style-type: none"> • <i>Top Troops (Zynga)</i> – Launched October 3, 2023 • <i>Match Factory! (Zynga)</i> – Launched November 7, 2023 (iOS) and Android December 21, 2023 • <i>Grand Theft Auto: The Trilogy – The Definitive Edition</i> (Rockstar Games) – Launched December 2023 • <i>Game of Thrones: Legends (Zynga)</i> – Launching Calendar 2024 • <i>Star Wars Hunters (Zynga)</i> – Launching Calendar 2024
Mid-Core	4	<ul style="list-style-type: none"> • <i>LEGO 2K Drive (2K)</i> – Launched May 19, 2023
New Iterations of Previously Released Titles	6	<ul style="list-style-type: none"> • <i>Red Dead Redemption and Undead Nightmare for Switch and PS4 (Rockstar Games)</i> – Launched August 17, 2023 • <i>Borderlands Collection: Pandora’s Box (2K)</i> – Launched September 1, 2023 • <i>Borderlands 3 Ultimate Edition for Switch (2K)</i> – Launched October 6, 2023

* FY24-26 release estimates provided as of May 17, 2023. Full updated FY25/26 pipeline details to be given with Q4 FY2024 results.

** Mobile count only includes titles in our plans for worldwide launch and excludes hyper-casual games.

These titles are a snapshot of our current development pipeline. It is likely that some of these titles will not be developed through completion, that launch timing may change, and that we will also be adding new titles to our slate.



PIPELINE DEFINITIONS

IMMERSIVE CORE

Titles that have the deepest gameplay and the most hours of content. Examples include our key sports franchises (e.g. *PGA TOUR 2K* and *NBA 2K*) as well as *Grand Theft Auto* and *Red Dead Redemption* (to name a few).

INDEPENDENT

Externally-developed Private Division releases.

MOBILE

Any title released on a mobile platform. Our title counts only include titles we have scheduled for worldwide launch and exclude hyper-casual games.

MID-CORE

Titles that are either an arcade title (like *WWE Battlegrounds*) or games that have many hours of gameplay, but not to the same extent as an immersive core title.

NEW ITERATIONS OF PRIOR RELEASES

This includes ports and remastered titles. Sequels would not fall into this category.

NON-GAAP FINANCIAL MEASURE

In addition to reporting financial results in accordance with U.S. generally accepted accounting principles (GAAP), the Company uses Non-GAAP measures of financial performance: Adjusted Unrestricted Operating Cash Flow, which is defined as GAAP net cash from operating activities, adjusted for changes in restricted cash, and EBITDA, which is defined as GAAP net income (loss) excluding interest income (expense), provision for (benefit from) income taxes, depreciation expense, and amortization and impairment of acquired intangibles.

The Company's management believes it is important to consider Adjusted Unrestricted Operating Cash Flow, in addition to net cash from operating activities, as it provides more transparency into current business trends without regard to the timing of payments from restricted cash, which is primarily related to a dedicated account limited to the payment of certain internal royalty obligations. The Company's management believes it is important to consider EBITDA, in addition to net income, as it removes the effect of certain non-cash expenses, debt-related charges, and income taxes. Management believes that, when considered together with reported amounts, EBITDA is useful to investors and management in understanding the Company's ongoing operations and in analysis of ongoing operating trends and provides useful additional information relating to the Company's operations and financial condition.

These Non-GAAP financial measures are not intended to be considered in isolation from, as a substitute for, or superior to, GAAP results. These Non-GAAP financial measures may be different from similarly titled measures used by other companies. In the future, Take-Two may also consider whether other items should also be excluded in calculating these Non-GAAP financial measures used by the Company. Management believes that the presentation of these Non-GAAP financial measures provides investors with additional useful information to measure Take-Two's financial and operating performance. In particular, these measures facilitate comparison of our operating performance between periods and may help investors to understand better the operating results of Take-Two. Internally, management uses these Non-GAAP financial measures in assessing the Company's operating results and in planning and forecasting. A reconciliation of these Non-GAAP financial measures to the most comparable GAAP measure is contained in the financial tables to this press release.

RECONCILIATION OF GAAP TO NON-GAAP MEASURE

TAKE-TWO INTERACTIVE SOFTWARE, INC. AND SUBSIDIARIES RECONCILIATION OF GAAP TO NON-GAAP MEASURE

(in millions)

	Nine Months Ended December 31,	
	2023	2022
Net cash from operating activities	\$ (7.2)	\$ 35.8
Net change in Restricted cash ⁽¹⁾	115.0	87.1
Adjusted Unrestricted Operating Cash Flow	\$ 107.8	\$ 122.9
	Nine Months Ended December 31,	
	2023	2022
Restricted cash beginning of period	\$ 407.2	\$ 463.3
Restricted cash end of period	291.1	441.4
Restricted cash related to acquisitions	1.1	(65.2)
⁽¹⁾ Net change in Restricted cash	\$ 115.0	\$ 87.1

RECONCILIATION OF GAAP TO NON-GAAP MEASURE

TAKE-TWO INTERACTIVE SOFTWARE, INC. AND SUBSIDIARIES RECONCILIATION OF GAAP TO NON-GAAP MEASURE

(in millions)

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES RECONCILIATION OF GAAP TO NON-GAAP MEASURE (in millions)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2023	2022	2023	2022
Net loss	\$ (91.6)	\$ (153.4)	\$ (841.2)	\$ (514.4)
Benefit from income taxes	(60.7)	(46.7)	(117.0)	(93.1)
Interest expense (income)	17.4	22.5	50.3	72.1
Depreciation and amortization	42.6	35.0	128.3	86.0
Amortization and impairment of acquired intangibles	238.8	290.4	897.3	714.1
Goodwill impairment	—	—	165.4	—
EBITDA	\$ 146.5	\$ 147.8	\$ 283.2	\$ 264.6

RECONCILIATION OF GAAP TO NON-GAAP MEASURE

TAKE-TWO INTERACTIVE SOFTWARE, INC. AND SUBSIDIARIES RECONCILIATION OF GAAP TO NON-GAAP MEASURE

(in millions)

Outlook

	Fiscal Year Ending March 31, 2024
Net loss	\$(1,013) to \$(995)
Benefit from income taxes	\$(159) to \$(156)
Interest expense	\$79
Depreciation	\$135
Amortization of acquired intangibles	\$1,106
Goodwill impairment	\$165
EBITDA	\$313 to \$334

Outlook

	Three Months Ended March 31, 2024
Net loss	\$(170) to \$(153)
Benefit from income taxes	\$(43) to \$(38)
Interest expense	\$29
Depreciation	\$33
Amortization of acquired intangibles	\$184
EBITDA	\$33 to \$55



THANK YOU