



SAFE HARBOR – Nicole Shevins, SVP, Investor Relations & Corp. Comms.

- Good afternoon. Thank you for joining our conference call to discuss our results for the fourth quarter and fiscal year 2021, ended March 31, 2021. Today's call will be led by Strauss Zelnick, Take-Two's Chairman and Chief Executive Officer, Karl Slatoff, our President, and Lainie Goldstein, our Chief Financial Officer. We will be available to answer your questions during the Q&A session following our prepared remarks.
- Before we begin, I'd like to remind everyone that statements made during this call that are not historical facts are considered forward-looking statements under federal securities laws. These forward-looking statements are based on the beliefs of our management, as well as assumptions made by and information currently available to us. We have no obligation to update these forward-looking statements. Actual operating results may vary significantly from these forward-looking statements based on a variety of factors. These important factors are described in our filings with the SEC, including the Company's most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q, including the risks summarized in the section entitled "Risk Factors." I'd also like to note that, unless otherwise stated, all numbers we will be discussing today are GAAP and all comparisons are year-over-year. Additional details regarding our actual results and outlook are contained in our press release, including the items that our management uses internally to adjust our GAAP financial results in order to evaluate our operating performance. Our press release also contains a reconciliation of any Non-GAAP financial measure to the most comparable GAAP measure. In addition, we have posted to our website a slide deck that visually presents our results and financial outlook. Our press release and filings with the SEC may be obtained from our website at [take2games.com](https://www.take2games.com).
- And now, I'll turn the call over to Strauss.

Strauss Zelnick, Chairman & CEO

- Thanks, Nicole. Good afternoon and thank you for joining us today.
- Our strong fourth quarter performance concluded an exceptional year for our organization. We delivered Net Bookings of approximately \$3.6 billion, which grew nearly 20% from fiscal 2020 and were the highest ever in our Company's history. On behalf of our management team, I would like to thank all of our colleagues around the world for helping us achieve these results despite such significant, unforeseen, and prolonged challenges – it's truly a reflection of our collective resilience and singular commitment to excellence. Our thoughts are with those who

have been, and continue to be, affected by COVID-19, and we hope that better days and comfort will come to you soon.

- Throughout the pandemic, our creative teams have delivered consistently superlative entertainment experiences, giving players opportunities to have fun in the most difficult of times and stay connected with family and friends through shared experiences. We grew our online communities meaningfully, including new and returning players, which helped drive recurrent consumer spending growth of 48% to reach a record high and represent 63% of our total Net Bookings for fiscal 2021.
- During the year, we enhanced our organization for the long term. We bolstered the depth of our creative teams by hiring more than 700 new developers, including through the acquisition of several talented studios, which will help us expand our capabilities and grow our business. We also broadened our portfolio of offerings, capitalized on diverse business models, and made significant investments in our operations and infrastructure.
- Nearly all of our titles outperformed during the fourth quarter, including *NBA 2K21*, *Grand Theft Auto Online* and *Grand Theft Auto V*, *Red Dead Redemption 2* and *Red Dead Online*, and *Sid Meier's Civilization VI*.
- The *NBA 2K* series is known throughout the world for being *the* most authentic, *the* most realistic, and *the* most engaging basketball simulation experience in our industry. In addition to giving consumers the ability to step onto the court as their favorite NBA players, or as themselves, 2K and Visual Concepts have created various game modes that offer interactive experiences and enable players to build deeper social connections. *NBA 2K21* was our first offering built from-the-ground-up for Gen 9 platforms. To date, the title has exceeded our expectations and sold-in over 10 million units. During the fourth quarter, Net Bookings for the series grew 37% and recurrent consumer spending exceeded our expectations significantly, growing 32% and 73% in the period and fiscal year, respectively. Consumer engagement with *NBA 2K* remains incredibly strong, with more than 2.3 million users playing the game daily. We see a significant opportunity to grow the franchise further as we provide unique and innovative experiences throughout the game.
- Once again, Rockstar Games' iconic *Grand Theft Auto* series exceeded our expectations, expanded its audience, and set new benchmarks in fiscal 2021. Driven by an array of new free content updates and sustained interest in last holiday's Cayo Perico Heist, *Grand Theft Auto Online* benefitted from strong engagement trends during the fourth quarter, including a record number of active players and the second highest quarter of recurrent consumer spending on record. For the full year, participation levels reached an all-time high from both new and returning players, and recurrent consumer spending grew 31%, achieving a new annual record. Sales of *Grand Theft Auto V* also surpassed our expectations, and to date, the title has sold-in more than 145 million units worldwide.
- *Red Dead Online* exceeded our expectations during the fourth quarter, with active players increasing significantly and recurrent consumer spending performing above our plans, due in part to the success of the recently released standalone version of

the game. Throughout the period, Rockstar Games released new content updates for *Red Dead Online*, including brand-new missions for solo players; the Outlaw Pass No. 5 and its new rewards; and more. *Red Dead Redemption 2* continued to perform very well and, to date, has sold-in over 37 million units worldwide.

- During the fourth quarter, 2K announced their acquisition of HB Studios, the developers of our highly successful golf game, *PGA TOUR 2K21*, which, to date, has sold-in more than 2 million units. We are very excited about the growth potential for the *PGA TOUR 2K* series, especially as 2K has entered into an exclusive, long term agreement with golf legend and icon, Tiger Woods, to serve as its Executive Director and consultant, which we believe will enhance the series' ongoing innovation and authenticity.
- During the period, 2K and Firaxis Games released the *Vietnam & Kublai Khan* and *Portugal Packs* for *Sid Meier's Civilization VI* that were the final offerings for the game's incredibly successful *New Frontier Pass*. *Civilization VI*'s daily active users have grown steadily since the game's release more than five years ago and, to date, the title has sold in over 11 million units. As a result of the engagement from the *Pass*, as well as the success of *XCOM: Chimera Squad* and *XCOM 2* on Switch, Firaxis Games had one of its best years ever. We expect this growth to continue, as the studio has several exciting projects in development that will be revealed this year.
- During the fourth quarter, Private Division released *Murder on Eridanos*, the final add-on for their highly successful game, *The Outer Worlds*, which has sold-in more than 3 million units. The add-on will also be coming to Switch later this year. Private Division's 2019 release, *Ancestors: The Humankind Odyssey*, has now sold-in over 1 million units, marking the third title from the label to achieve the million-unit milestone, joining *The Outer Worlds* and *Kerbal Space Program*.
- Providing new and innovative ways for audiences to stay engaged with our titles after their initial launch is a key strategic priority of our organization, and represents an important long term growth and margin opportunity.
- Our record levels of recurrent consumer spending were largely driven by *NBA 2K* and *Grand Theft Auto Online* during the fourth quarter, and were enhanced by the following offerings:
 - Social Point's live games, led by *Dragon City* and *Monster Legends* exceeded our expectations. Strong seasonal content and features, as well as increased marketing investments, helped drive Net Bookings growth of nearly 30% for the period and 44% for the year. The studio is planning to release three new titles during the second half of fiscal 2022.
 - Playdots had a strong fourth quarter, driven by the outstanding performance of *Two Dots*, which achieved sequential growth over the third quarter. We expect Playdots to be a significant contributor to our results over the long term and look forward to its new release planned for the Fall.
 - *WWE SuperCard* also outperformed, growing 24% during the fourth quarter and 28% during the year. The title has now been downloaded more than 23 million times and remains 2K's highest-grossing mobile title.

- *NBA 2K Online* in China grew 6% and 9% during the fourth quarter and year, respectively, and remains a significant contributor to our results. The title is the #1 PC online sports game in China with more than 52 million registered users.
- Turning to our outlook, we believe that the pandemic initiated a transformational shift in entertainment consumption, revealing the possibilities of interactive entertainment to a much broader market, with interactive entertainment becoming the number one entertainment vertical. We anticipate that the overall addressable market for our industry will be notably larger going forward than it was pre-pandemic. However, as the world returns to a new normal, we expect a moderation of the trends that benefitted our industry over the past year.
- We currently expect our fiscal 2022 Net Bookings to range from \$3.2 to \$3.3 billion, marking the second year in a row with Net Bookings in excess of \$3 billion. We expect to achieve sequential growth in fiscal 2023, and over the next few years, we believe that we will establish new record levels of operating results, even above the spectacular performance we delivered this past year. Lainie will share more details about our outlook.
- As Karl will discuss in greater detail, in fiscal 2022, we plan to deliver an exciting array of offerings, including four immersive core releases from proven and new franchises. With the strongest pipeline in our Company's history, including many new releases planned for fiscal 2023 and 2024, we are highly optimistic about our growth trajectory and we will be making significant investments this year to enhance our enterprise in key areas such as creative talent, IT, and other infrastructure.
- In closing, we remain confident in our proven strategy and talented teams around the world. As we continue to grow our business, we believe that Take-Two is exceedingly well-positioned to deliver long term growth for our shareholders.
- I will now turn the call over to Karl.

Karl Slatoff, President

- Thanks, Strauss.
- I'd like to begin by thanking our teams around the world for delivering a record year for our organization. Since joining Take-Two in 2007, I can't remember a year during which we were tested more greatly and performed as exceptionally as we did in this past year. Our colleagues' commitment, professionalism, and talent are among the best in our industry, and I could not be prouder of what we have achieved together. In addition, I want to thank our player communities for engaging with our experiences and making our games part of their lives.
- I'll now discuss our recent releases:
 - On April 2nd, 2K and Visual Concepts once again expanded the breadth and depth of the *NBA 2K* franchise with the release of *NBA 2K21* for Apple Arcade - our first offering for the platform. *NBA 2K21* is the most advanced basketball

simulation game available on Apple devices, featuring an all-new graphics engine that offers the highest possible resolution, updated rosters, and a variety of exciting game modes. *NBA 2K21* is currently the most popular game on Apple Arcade.

- On April 7th, 2K and HB Studios released the TravisMathew and PUMA Golf Gear update for *PGA TOUR 2K21*, which keeps players swinging with swag on the cutting-edge of modern golf fashion. The TravisMathew collection includes new polo shirts, hats, and shoes, marking the brand's *PGA TOUR 2K21* debut, while PUMA Golf introduces an all-new oversized hat and new footwear.
- On April 8th, 2K and Gearbox Software continued to enhance the *Borderlands* franchise with the release of the *Director's Cut* - the sixth add-on for *Borderlands 3*. 2K and Gearbox will release two additional *Vault Cards* that will become available for owners of the *Director's Cut* before the end of calendar 2021, and all players can look forward to returning in-game events like *Revenge of the Cartels*. In addition, the teams are continuing to explore cross-play functionality that will enable fans to play *Borderlands 3* with their friends across multiple platforms, and we expect to have more to share in the coming months. Anticipation is growing for Lionsgate's full-length, live-action film based on *Borderlands*. The film is directed by Eli Roth and will feature some of Hollywood's favorite stars, including Cate Blanchett, Jamie Lee Curtis, Kevin Hart, Jack Black, and Edgar Ramirez. We believe that the film promises to capture the thrills and distinct personality of the series, and has the potential to introduce new audiences to the beloved world of *Borderlands*.
- Looking ahead, we are very optimistic about our growth opportunities in fiscal 2022 and beyond. As Strauss mentioned, we have an exciting array of offerings planned for this year and our long-term development pipeline represents the strongest in Take-Two's history.
- For Fiscal 2022, we have 21 titles planned for release, including:
 - Four immersive core releases for purchase, which include two releases from new franchises, and two titles from existing franchises;
 - One new independent title, *OlliOlli World*, from Private Division, which will be available for purchase;
 - Ten free-to-play mobile games, including 6 titles from new franchises and 4 from existing franchises; and
 - Six new iterations of previously-released titles, which will all be available for purchase.
- While we are very excited to once again be working with the NFL and NFLPA, our first title under these new partnerships is no longer expected to be released during fiscal year 2022. 2K will have more to share on their plans for our football offerings going forward.
- I'll now discuss details on our announced offerings for this year.

- Rockstar Games has massive new updates coming this Summer to both *Red Dead Online* and *Grand Theft Auto Online* that will deliver fans' most heavily-requested additions and a host of new items, including quality of life updates.
 - On May 25th, *Red Dead Online* will deliver eight new races spanning iconic locations across the game's five states, including Standard, Open, Target and Open Target Races. Later this summer, fans can look forward to a host of new missions for skilled outlaws, involving everything from quick holdups to larger, high-stakes robberies for big rewards.
 - *Grand Theft Auto Online* continues to expand and evolve. On May 27th, Rockstar Games will release eight new Stunt Races, which will introduce an array of white-knuckle thrills for racers in an assortment of vehicle classes. Fans of the futuristic Deadline mode will be happy to have seven new arenas for combat, coming soon. Survival mode will also expand to new locations throughout Los Santos and Blaine County. And, later this summer, car culture will return to Los Santos in new ways in *Grand Theft Auto Online's* next major update, offering fans of performance and customization upgrades new opportunities to get together and show off their rides. This includes a new social space for car-meets alongside new races and race types, new vehicles to acquire, and a series of new, vehicle-themed multi-part robbery missions.
 - Notably, these major Summer updates will continue to deliver additional surprises in the weeks and months after launch, including special benefits for players when the enhanced version of *Grand Theft Auto V* and *Grand Theft Online* arrive on Gen 9 consoles this November 11. Rockstar Games will have more details to share about these eagerly anticipated launches in the coming months.
- As I mentioned, this year, we will have two sports releases from our popular franchises.
 - 2K and Visual Concepts are once again aiming to raise the bar for excellence with *NBA 2K22*, the latest offering in our industry-leading basketball simulation series. In addition to making the on-court action even more authentic, fans can look forward to new and fun ways to engage with various game modes.
 - Additionally, *WWE 2K22* will mark the rebirth of our popular wrestling series. During the broadcast of *WrestleMania 37*, 2K and Visual Concepts revealed the very first teaser video for the game, featuring both live-action and stunning in-game footage of WWE Superstar Rey Mysterio, a high-flying lucha libre legend and one of the most exciting and decorated Superstars in WWE history. The teaser also highlighted *WWE 2K22's* tagline "*It Hits Different*", which is reflective of both the new direction of the game and its supporting marketing campaign. We're very excited about the team's fresh approach to the series, and last week, our *WWE 2K22* development team at Visual Concepts kicked off a social media campaign revealing behind the

scenes sneak peeks of the game, and developer diary videos. 2K will continue to unveil details of the game in the coming months.

- 2K will introduce two releases from new franchises this year, including one from Gearbox.
- On June 24th, Private Division will celebrate the 10th anniversary of the release of *Kerbal Space Program*. Private Division intends to mark the occasion with a week-long celebration, including free content updates and more.
- This Winter, Private Division and Roll7 will release *OlliOlli World* digitally for consoles and PC. *OlliOlli World* marks a bold new direction for this critically acclaimed skateboarding franchise and is bursting with personality. Players flip and flow through Radlandia, a vibrant world full of colorful characters, as they search for the mystical skate gods on their quest for Gnarvana. Radlandia and its dwellers are charmingly weird and crafted with a unique art style. Players can enjoy the game's deep combo system and everything it has to offer, while pros can really prove their skills, and master a vast number of moves with access to millions of unique levels in the game's sandbox mode. In addition, players can also compete against similarly skilled rivals around the globe in player leagues.
- Fiscal 2022 will be a big year for mobile, with 10 new free-to-play offerings, including new titles from 2K, Social Point and Playdots.
- We'll also have six new iterations of previous releases, including enhanced versions of *Grand Theft Auto V* and a standalone version of *Grand Theft Auto Online* for Gen 9 consoles available for free for three months for Playstation 5 players - both of which will launch in the second half of this calendar year.
- Looking ahead, we expect to deliver over 40 titles across Fiscal 2023 and Fiscal 2024, which gives us confidence in our ability to reach new record levels of operating results in the next few years.
- Our current expected pipeline for Fiscal 2023 and 2024 includes:
 - 19 immersive core releases, 7 of which are sports simulation games. 15 of these will be available for purchase, while 4 will be free-to-play;
 - 5 independent titles, which will all be available for purchase;
 - 10 free-to-play mobile games;
 - 4 mid-core games, which will all be available for purchase and 3 of which will be sports-oriented; and
 - 3 new iterations of previously-released titles, which will all be available for purchase.
- It bears noting that these titles are a snapshot of our current development pipeline. It is likely that some of these titles will not be developed through completion or some may be delayed, and we will also be adding new titles to our slate. In the coming months, you'll start to see our titles come to market, and we'll aim to share similar updates going forward when we provide our year-end results.

- In addition to our title releases, we also continue to have a significant, long-term opportunity to increase engagement and recurrent consumer spending. Our focus on enhancing our data analytics is enabling us to deepen our understanding of our player base and how they prefer to interact with our games, which is helping us develop the most desirable products, expansions, and new content updates.
- Turning to eSports, the *NBA 2K League* will kick-off its fourth season on May 19 and continue for 16 weeks. The 23 teams will play 28 regular-season games, with each team beginning the 2021 season playing remotely in its local market. For the first time, the *NBA 2K League* will be aligned into the Eastern and Western Conferences. Games will be simulcast live on the *NBA 2K League*'s Twitch and YouTube channels, and will be available on Dash Radio, ESRevolution, Loco in India and Sport1 in Europe.
- Additionally, the *League* recently announced a landmark, multiyear partnership with Sony Interactive Entertainment that makes the PlayStation 5 its official console that will be used by all teams and their 138 players during all games and events. The partnership marks the first-of-its kind for PlayStation 5 with an eSports league, and the first console partnership for the *NBA 2K League*. We remain very excited about the continued success and growth of the *NBA 2K League*, which has the long-term potential to enhance engagement, and to be a driver of profits for our Company.
- In closing, we remain incredibly excited about the vast potential for our Company to captivate and engage audiences around the world by delivering the very best entertainment experiences. Whether broadening the reach of our portfolio through new platforms, business models, and distribution channels; pursuing organic and inorganic growth opportunities; and expanding into emerging markets, Take-Two is superbly positioned to capitalize on the many positive trends in our industry and to provide continued value and returns for our shareholders over the long-term.
- I'll now turn the call over to Lainie.

Lainie Goldstein, Chief Financial Officer

- Thanks Karl and good afternoon everyone.
- Today I'll discuss our fourth quarter and fiscal 2021 results and then review our financial outlook for the full year and first quarter of fiscal 2022. Please note that additional details regarding our actual results and outlook are contained in our press release.
- As Strauss mentioned, our strong momentum continued into the fourth quarter, and we significantly exceeded our Net Bookings guidance for the fourth quarter and the year. I would like to thank our talented colleagues around the world for their passion and dedication, which has been inspiring, especially given the challenges that COVID-19 has presented us with.

- Starting with our fourth quarter results, total Net Bookings grew 8% to 785 million dollars, as compared to our outlook of 602 to 652 million dollars. These outstanding results marked our highest level of fourth quarter Net Bookings on record.
 - During the period, recurrent consumer spending grew 17% and accounted for 67% of total Net Bookings, as compared to our outlook of 5% growth. Our outperformance was primarily due to the incredible performance of *NBA 2K*.
 - Digitally-delivered Net Bookings grew 8% and accounted for 92% of the total. This result exceeded our outlook of a 10% decline, due to the outperformance of both recurrent consumer spending and digitally-delivered full game sales.
 - During the fourth quarter, 74% of console game sales were delivered digitally, up from 63% last year.
- GAAP net revenue grew 10% to 839 million dollars, while cost of goods sold decreased to 280 million dollars, including a reversal of expense of 65 million dollars related to forfeitures of previously granted stock awards.
- Operating expenses increased by 25% to 304 million dollars, driven by higher marketing, Research and Development and IT expenses, as well as the addition of Playdots.
- And, GAAP net income grew 78% to 219 million dollars, or one dollar and 88 cents per share, as compared to 123 million dollars, or one dollar and 7 cents per share in the fourth quarter of fiscal 2020.
- Turning to our fiscal 2021 results, total Net Bookings grew 19% to a new record of 3.55 billion dollars. This exceeded our initial guidance by approximately 1 billion dollars. We experienced exceptional engagement during the shelter-in-place conditions and delivered extraordinary results across many of our franchises, including *NBA 2K*, *Grand Theft Auto*, *Red Dead Redemption*, *Borderlands*, *Social Point's* mobile games, and *Sid Meier's Civilization*.
 - Recurrent consumer spending grew 48%, establishing a new record, and accounted for 63% of total Net Bookings. This exceeded our prior outlook of 45% growth.
 - Digitally-delivered Net Bookings grew 27% to a new record of approximately 3.1 billion dollars, and accounted for 87% of the total. This also exceeded our prior outlook of 20% growth due to better-than expected recurrent consumer spending and digitally-delivered full game sales.
 - During fiscal 2021, 64% of console game sales were delivered digitally, up from 55% last year.
- Non-GAAP Adjusted Unrestricted Operating Cash Flow was 920 million dollars as compared to our previous outlook of over 750 million dollars, and marked a record level for our Company.
- During fiscal 2021, we spent 69 million dollars on capital expenditures.
- At fiscal year end, our cash and short-term investments balance exceeded 2.7 billion dollars.

- GAAP net revenue grew 9% to 3.37 billion dollars, while cost of goods sold was flat at 1.5 billion dollars.
- Operating expenses increased by 8% to 1.2 billion dollars, driven primarily by the addition of Playdots, higher headcount, IT, Research and Development expense and charitable contributions, partially offset by lower marketing expenses.
- And, GAAP net income grew 46% to 589 million dollars, or 5 dollars and 9 cents per share. Our GAAP net income benefited from a 40.6 million dollar gain on the sale of a long-term investment and a reversal of expense of 70 million dollars related to forfeitures of previously granted stock awards.
- Today, we gave our initial outlook for Fiscal 2022.
 - We project Net bookings to range from 3.2 to 3.3 billion dollars - the second-highest level of Net Bookings in our Company's history
 - This is partly driven by the exciting pipeline of new releases that we have planned for the year, with the majority of our titles coming in the second half of Fiscal 2022.
 - Additionally, we expect that engagement trends will be notably higher than they were pre-pandemic; however, as the return to normalcy continues, we expect a moderation of the trends that benefitted our industry over the past year.
 - The largest contributors to Net Bookings are expected to be *NBA 2K*, *Grand Theft Auto Online* and *Grand Theft Auto V*, *Red Dead Redemption 2* and *Red Dead Online*, as well as some of our new releases that are yet to be announced.
 - We expect the Net Bookings breakdown from our labels to be roughly 55% 2K, 35% Rockstar Games, and 10% Private Division, Social Point and Playdots.
 - And, we forecast our geographic Net Bookings split to be about 60% United States and 40% International.
- We expect recurrent consumer spending to decline by 15%, as a result of the challenging comparisons from last year.
- Recurrent consumer spending as a percentage of our business is expected to be approximately 59% versus 63% last year, due to more new releases this year.
- We project digitally-delivered Net Bookings to decline by about 8%. As a percentage of our business, digital is projected to represent 87%, in line with last year.
- Our forecast assumes that 74% of console game sales will be delivered digitally, up from 64% last year.
- We expect to generate more than 400 million dollars in Non-GAAP Adjusted Unrestricted Operating Cash Flow, and we plan to deploy approximately 100 million dollars for capital expenditures. The increase in capital expenditures over the prior year is primarily due to continued spending on studio and office build-outs, and IT expense to support our investment in talent.

- We expect GAAP net revenue to range from 3.14 to 3.24 billion dollars and cost of goods sold to range from 1.41 to 1.46 billion dollars.
- Our total operating expenses are expected to range from 1.46 to 1.48 billion dollars.
 - At the midpoint, this represents a 22% increase over the prior year. As Karl mentioned, we have over 60 titles that we plan to deliver over the next three years, and we are making significant investments in key areas, such as marketing, personnel, and IT to bring our pipeline to market.
 - Additionally, we will have a full year of expenses for Playdots.
 - While these investments will impact our operating results this year, we are confident that our growing pipeline will enable us to scale our business further and improve our margins in the next few years.
- And, we expect GAAP net income to range from 228 to 257 million dollars, or 1 dollar and 95 cents to 2 dollars and 20 cents per share.
- For management reporting purposes, we expect our tax rate to be 16% throughout fiscal 2022.
- Now, moving onto our guidance for the fiscal first quarter:
- We project Net bookings to range from 625 to 675 million dollars as compared to 996 million dollars in the first quarter last year, which was the first full quarter of the COVID-related shelter-in-place conditions, when we experienced a strong initial surge in engagement.
 - The largest contributors to Net Bookings are expected to be *Grand Theft Auto Online* and *Grand Theft Auto V*, *NBA 2K21*, *Red Dead Redemption 2* and *Red Dead Online* and *Borderlands 3*.
 - We project recurrent consumer spending to decline by 30%, as we will start to compare against the record levels of engagement that we experienced in the first quarter of Fiscal 2021.
 - We also expect digitally-delivered Net Bookings to decline by approximately 30%.
 - Our forecast assumes that 80% of console game sales will be delivered-digitally, up from 71% in the same period last year.
- We expect GAAP net revenue to range from 730 to 780 million dollars and cost of goods sold to range from 277 to 303 million dollars.
- Operating expenses are expected to range from 316 to 326 million dollars. At the midpoint, this represents an 18% increase over last year, driven primarily by higher personnel and stock compensation expenses and the inclusion of Playdots.
- And, GAAP net income is expected to range from 116 to 129 million dollars, or 1 dollar to 1 dollar and 10 cents per share.
- In closing, Fiscal 2021 was a record year for our business and we believe that we can exceed these levels of financial results and establish new record levels of performance in the coming years. Our pipeline is robust, and we couldn't be more

excited about our new releases for Fiscal 2022 and beyond. As we continue to enhance our business by investing in talent, including growing our development headcount and building our infrastructure, we are positioning our Company for long-term growth and success, and we expect to deliver sustainable, profitable growth for our shareholders.

- Thank you. I'll now turn the call back to Strauss.

Strauss Zelnick, Chairman & CEO

- Thanks, Lainie and Karl. On behalf of our entire management team, I would like to thank our colleagues for delivering another outstanding year. To our shareholders, I want to express our appreciation for your continued support.
- Thank you for joining us today. We wish you a happy, healthy, and safe Summer.

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