



# **Take-Two Interactive Software, Inc.**

**(NASDAQ: TTWO)**

**Fourth Quarter and Fiscal 2021 Results**

# Cautionary Note: Forward Looking Statements

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The 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: the uncertainty of the impact of the COVID-19 pandemic and measures taken in response thereto; the effect that measures taken to mitigate the COVID-19 pandemic have on our operations, including our ability to timely deliver our titles and other products, and on the operations of our counterparties, including retailers and distributors; the effects of the COVID-19 pandemic on consumer demand and the discretionary spending patterns of our customers, including as the situation with the pandemic continues to evolve; the impact of reductions in interest rates by the Federal Reserve and other central banks, including on our short-term investment portfolio; the impact of potential 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; the timely release and significant market acceptance of our games; the ability to maintain acceptable pricing levels on our games; and risks associated with international operations.

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](http://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.

# 4Q2021 AND FY2021 RESULTS SUMMARY: GAAP

## FINANCIAL SUMMARY (\$ in millions, except EPS)

	Q 4		FY21	
	ACTUAL	GUIDANCE	ACTUAL	GUIDANCE
<b>GAAP Net Revenue</b>	\$ 839	\$702 TO \$752	\$3,373	\$3,235 TO \$3,285
<b>Operating Expenses</b>	\$ 304	\$316 TO \$326	\$1,208	\$1,220 TO \$1,230
<b>GAAP Net Income</b>	\$219	\$102 TO \$113	\$589	\$472 TO \$484
<b>GAAP EPS</b>	\$1.88	\$0.88 TO \$0.98	\$5.09	\$4.08 TO \$4.18

# 4Q2021 AND FY2021 RESULTS SUMMARY: SELECT MANAGEMENT RESULTS

## SELECT FINANCIAL DATA (\$ in millions)

	Q 4		FY21	
	ACTUAL	GUIDANCE	ACTUAL	GUIDANCE
<b>Net Bookings</b>	\$785	\$602 TO \$652	\$3,553	\$3,370 TO \$3,420
<b>Recurrent Consumer Spending Growth (RCS)</b>	+17%	+5%	+48%	+45%
<b>Digitally-Delivered Net Bookings Growth</b>	+8%	-10%	+27%	+20%
<b>Non-GAAP Adjusted Unrestricted Operating Cash Flow (AUOCF)</b>	-	-	\$920	OVER \$750

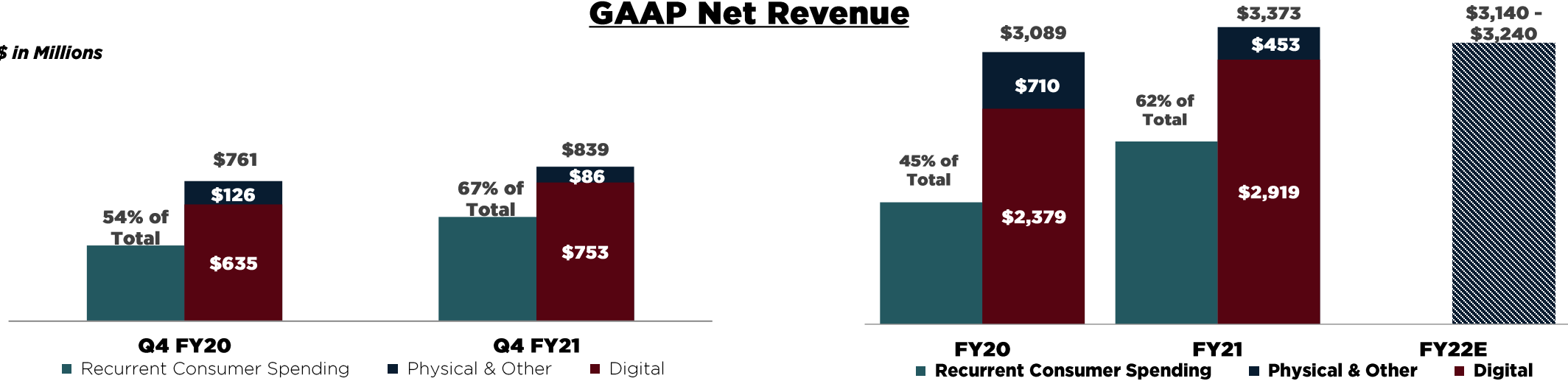
- Highest level of 4Q Net Bookings on record
- RCS outperformance primarily driven by *NBA 2K*
- Digitally delivered Net Bookings exceeded expectations, due to outperformance of RCS and digitally-delivered game sales

- FY Net Bookings exceeded our initial guidance by ~\$1 billion
- RCS accounted for 63% of Net Bookings, a new record level
- Digitally delivered Net Bookings exceeded expectations, due to outperformance of RCS and digitally-delivered game sales
- AUOCF reached a record level and exceeded initial expectations by \$570 million

# Net Revenue & Net Bookings

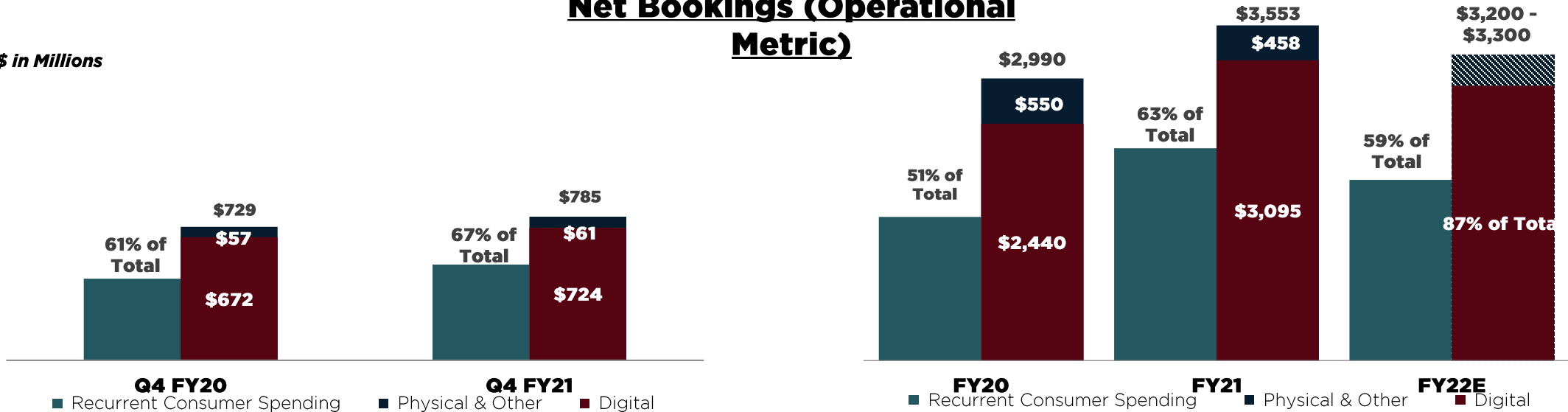
## GAAP Net Revenue

\$ in Millions



## Net Bookings (Operational Metric)

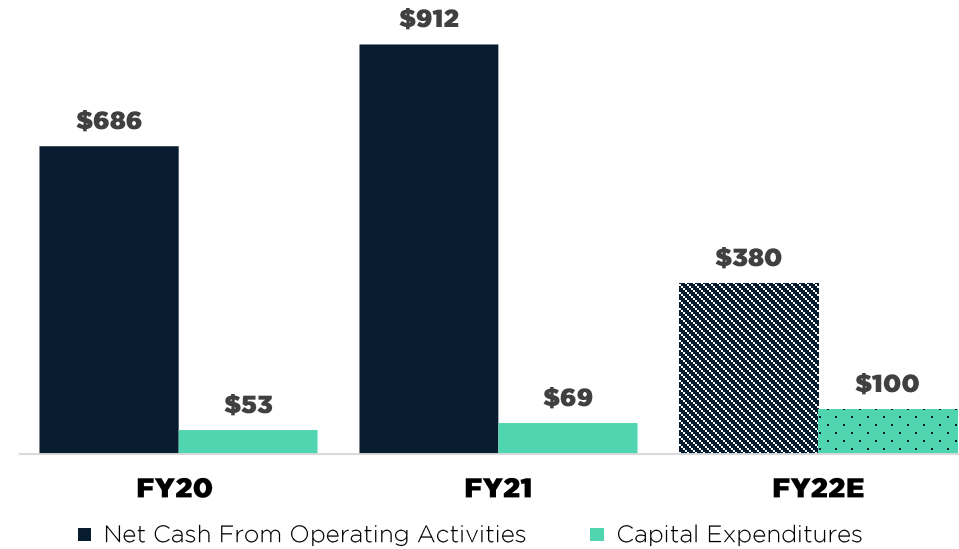
\$ in Millions



# Cash Flow

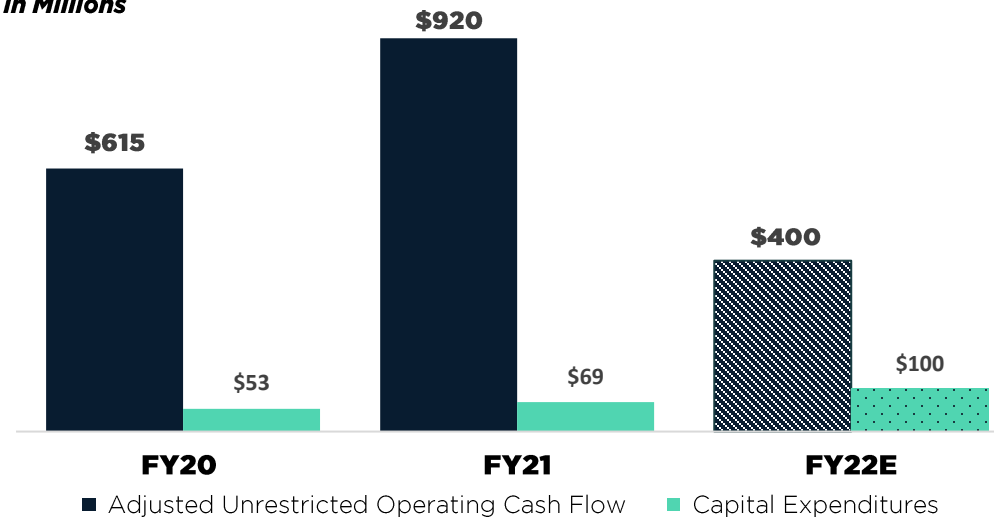
## Net Cash From Operating Activities

*\$ in Millions*



## Adjusted Unrestricted Operating Cash Flow (Non-GAAP)<sup>(1)</sup>

*\$ 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.

## FY 2022 GUIDANCE: GAAP

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### FISCAL YEAR 2022 GUIDANCE (\$ in millions, except EPS)

	<b>FY 2022 GUIDANCE</b>
<b>GAAP Net Revenue</b>	\$3,140 TO \$3,240
<b>Operating Expenses</b>	\$1,461 TO \$1,481
<b>GAAP Net Income</b>	\$228 TO \$257
<b>GAAP EPS</b>	\$1.95 TO \$2.20

# FY 2022 GUIDANCE: SELECT FINANCIAL DATA

## FISCAL YEAR 2022 GUIDANCE (\$ in millions, except EPS)

	Twelve Months Ending March 31, 2022				
	Financial Data				
<i>\$ in millions</i>	GAAP outlook <sup>(3)</sup>	Change in deferred net revenue and related cost of goods sold	Stock-based compensation	Amortization of Intangible Assets	Reorganization & Acquisition
Net revenue	\$3,140 to \$3,240	\$60			
Cost of goods sold	\$1,411 to \$1,456	\$15	(\$43)	(\$22)	
Operating expenses	\$1,461 to \$1,481		(\$129)	(\$9)	(\$3)
Interest and other, net	(\$2)				
Income (loss) before income taxes	\$270 to \$305	\$45	\$172	\$31	\$3

- 1) Includes 115.9 million basic shares and 0.9 million shares representing the potential dilution from unvested employee stock grants.
- 2) Includes a \$20 million net decrease in restricted cash for fiscal 2022.
- 3) The individual components of the financial outlook may not foot to 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.
- 4) Includes 115.5 million basic shares and 1 million shares representing the potential dilution from unvested employee stock grants.

### FY 2022 GUIDANCE

(\$ IN MILLIONS)

<b>Net Bookings</b>	\$3,200 TO \$3,300
<b>Recurrent Consumer Spending Growth</b>	-15% YOY
<b>Digitally-Delivered Net Bookings Growth</b>	-8% YOY
<b>Non-GAAP Adjusted Unrestricted Operating Cash Flow</b>	OVER \$400

- Guidance projects the second-highest level of net bookings in our company's history
- We have an exciting pipeline of new releases planned for Fiscal 2022
- We expect that engagement trends will be notably higher than they were 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 are making significant investments in marketing, personnel, and it to bring our pipeline to market





# Pipeline Update

	FY 2022	COMMENTS
IMMERSIVE CORE	4	2 SPORTS SIMULATION; 2 FROM NEW FRANCHISES; ALL FOR PURCHASE
INDEPENDENT	1	<i>OLLI OLLI WORLD</i> (FOR PURCHASE)
MOBILE	10	ALL FREE TO PLAY
NEW ITERATIONS OF PREVIOUSLY RELEASED TITLES	6	ALL AVAILABLE FOR PURCHASE
	FY 2023-FY 2024	COMMENTS
IMMERSIVE CORE	19	7 SPORTS SIMULATION 15 FOR PURCHASE; 4 FREE TO PLAY
INDEPENDENT	5	ALL AVAILABLE FOR PURCHASE
MOBILE	10	ALL FREE TO PLAY
MID CORE	4	3 ARE SPORTS ORIENTED ALL AVAILABLE FOR PURCHASE
NEW ITERATIONS OF PREVIOUSLY RELEASED TITLES	3	ALL AVAILABLE FOR PURCHASE



# 1Q 2022 GUIDANCE: GAAP

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## 1Q 2022 GUIDANCE (\$ in millions, except EPS)

	<b>1Q 2022 GUIDANCE</b>
<b>GAAP Net Revenue</b>	\$730 TO \$780
<b>Operating Expenses</b>	\$316 TO \$326
<b>GAAP Net Income</b>	\$116 TO \$129
<b>GAAP EPS</b>	\$1.00 TO \$1.10

# 1Q 2022 GUIDANCE: SELECT FINANCIAL DATA

## 1Q FY2022 GUIDANCE (\$ in millions, except EPS)

Three Months Ending June 30, 2021

\$ in millions	Financial Data			
	GAAP outlook <sup>(3)</sup>	Change in deferred net revenue and related cost of goods sold	Stock-based compensation	Amortization of acquired intangible assets
Net revenue	\$730 to \$780	(\$105)		
Cost of goods sold	\$277 to \$303	(\$10)	(\$14)	(\$6)
Operating Expenses	\$316 to \$326		(\$38)	(\$3)
Interest and other, net	(\$1)			
Income before income taxes	\$138 to \$152	(\$95)	\$52	\$9

- 1) Includes 115.9 million basic shares and 0.9 million shares representing the potential dilution from unvested employee stock grants.
- 2) Includes a \$20 million net decrease in restricted cash for fiscal 2022.
- 3) The individual components of the financial outlook may not foot to 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.
- 4) Includes 115.5 million basic shares and 1 million shares representing the potential dilution from unvested employee stock grants.

### 1Q 2022 GUIDANCE

(\$ IN MILLIONS)

<b>Net Bookings</b>	\$625 TO \$675
<b>Recurrent Consumer Spending Growth</b>	-30% YOY
<b>Digitally-Delivered Net Bookings Growth</b>	-30% YOY

- In 1Q21, our results are comparing against the beginning of the covid-related shelter-in-place orders, when we experienced a strong initial surge in engagement
- We expect that engagement trends will be notably higher than they were 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



# Non-GAAP Financial Measure

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In addition to reporting financial results in accordance with U.S. generally accepted accounting principles (GAAP), the Company uses 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. 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.

This Non-GAAP financial measure is not intended to be considered in isolation from, as a substitute for, or superior to, GAAP results. This Non-GAAP financial measure 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 this Non-GAAP financial measure used by the Company. Management believes that the presentation of this Non-GAAP financial measure provides investors with additional useful information to measure Take-Two's financial and operating performance. In particular, this measure facilitates comparison of our operating performance between periods and may help investors to understand better the operating results of Take-Two. Internally, management uses this Non-GAAP financial measure in assessing the Company's operating results and in planning and forecasting.

# Reconciliation of GAAP to Non-GAAP Measure

## Reconciliation of GAAP to Non-GAAP Measure

*\$ in Thousands*

	<b>Twelve Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Net cash from operating activities</b>	<b>\$ 912,318</b>	<b>\$ 685,678</b>
Net change in Restricted cash related to Operations <sup>(1)</sup>	7,965	(70,267)
<b>Adjusted Unrestricted Operating Cash Flow</b>	<b>\$ 920,283</b>	<b>\$ 615,411</b>
	<b>FY 2021</b>	<b>FY 2020</b>
Restricted cash beginning of period (4/1)	\$ 635,728	\$ 565,461
Less Restricted cash end of period (3/31)	637,363	635,728
Plus Restricted cash related to acquisitions	9,600	-
(1) Net change in Restricted cash related to Operations	<b>\$ 7,965</b>	<b>\$ (70,267)</b>

**THANK YOU**

