



Take-Two Interactive Software, Inc.

(NASDAQ: TTWO)

Q2 FY2022 Results

Cautionary Note: Forward Looking Statements

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/S; 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. 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.

2Q2022 RESULTS SUMMARY: GAAP

FINANCIAL SUMMARY (\$ in millions, except EPS)

Q 2

	ACTUAL	GUIDANCE
GAAP Net Revenue	\$858	\$740 TO \$790
Operating Expenses	\$381	\$368 TO \$378
GAAP Net Income	\$10.3	\$41 TO \$53
GAAP EPS	\$0.09	\$0.35 TO \$0.45

2Q2022 RESULTS SUMMARY: SELECT MANAGEMENT RESULTS

SELECT OPERATING AND FINANCIAL DATA (\$ in millions)

	Q2	
	ACTUAL	GUIDANCE
Net Bookings*	\$985	\$815 TO \$865
Change in Recurrent Consumer Spending (RCS)	+7%	-11%
Change in Digitally-Delivered Net Bookings	+9%	-5%
Non-GAAP Adjusted Unrestricted Operating Cash Flow (AUOCF)	\$56	-

- Net Bookings were ~\$120 million above the high end of our guidance range
- Overall engagement exceeded our expectations
- RCS was significantly above our guidance, primarily driven by *NBA 2K*
- Digitally-delivered Net Bookings also performed better than our expectations, primarily due to the outperformance of RCS

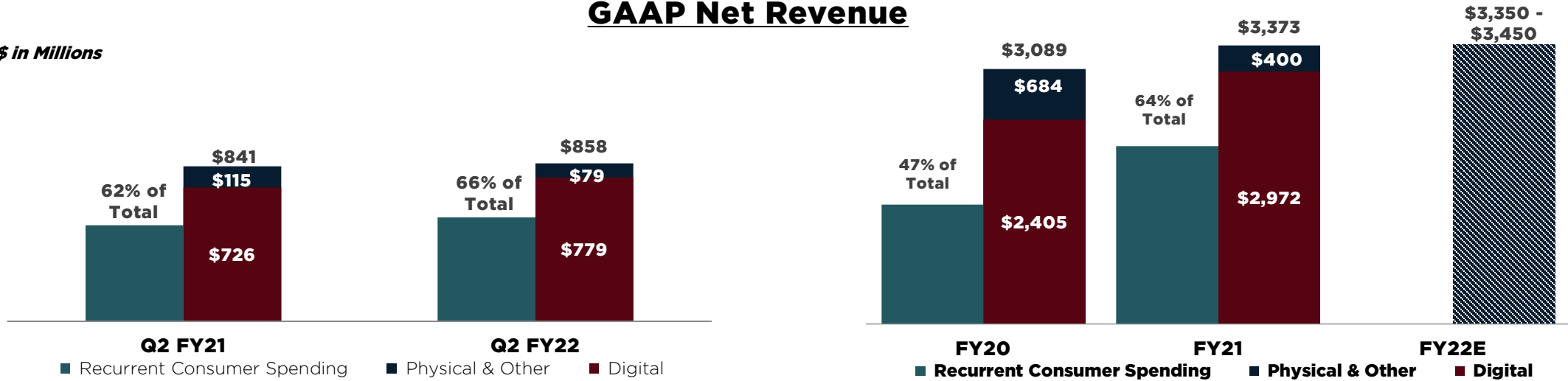


* Net Bookings (an operational metric) is defined as the net amount of products and services sold digitally or sold-in physically during the period, and includes licensing fees, merchandise, in-game advertising, strategy guides and publisher incentives.

Net Revenue & Net Bookings

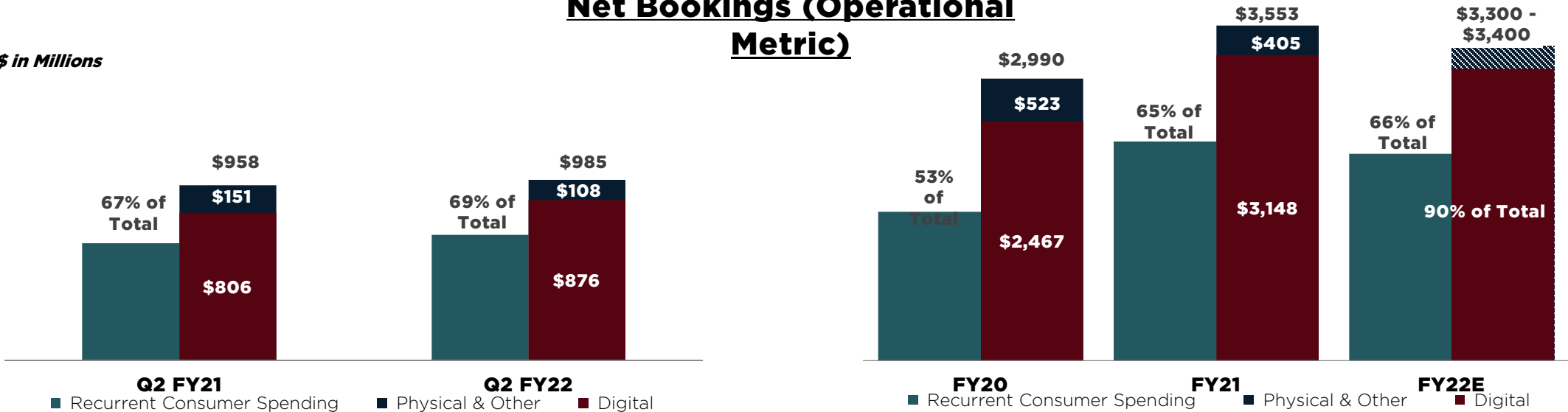
GAAP Net Revenue

\$ in Millions



Net Bookings (Operational Metric)

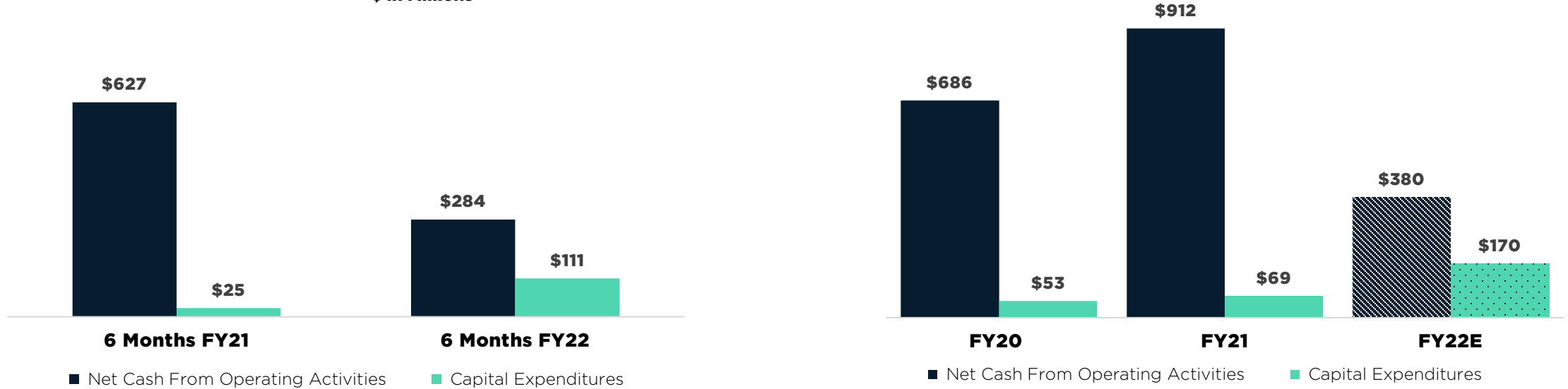
\$ in Millions



Cash Flow

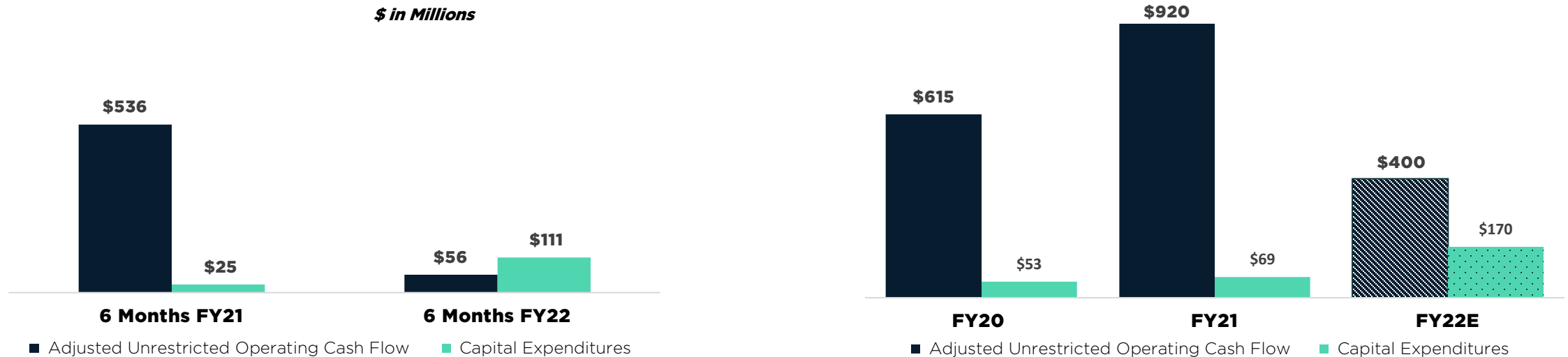
Net Cash From Operating Activities

\$ in Millions



Adjusted Unrestricted Operating Cash Flow (Non-GAAP)⁽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 2022 REVISED GUIDANCE: GAAP

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

	FY 2022 REVISED GUIDANCE	CHANGE FROM PRIOR GUIDANCE
GAAP Net Revenue	\$3,350 TO \$3,450	PREVIOUSLY: \$3,140 TO \$3,240
Operating Expenses	\$1,506 TO \$1,551	PREVIOUSLY: \$1,481 TO \$1,501
GAAP Net Income	\$320 TO \$350	PREVIOUSLY: \$229 TO \$259
GAAP EPS	\$2.75 TO \$3.00	PREVIOUSLY: \$1.95 TO \$2.20

FY 2022 REVISED GUIDANCE: SELECT FINANCIAL AND OPERATING DATA

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

Twelve Months Ended March 31, 2022

\$ in millions	Financial Data					
	GAAP outlook ⁽²⁾	Change in deferred net revenue and related cost of goods sold	Stock-based compensation ⁽³⁾	Gain on long-term investments, net	Amortization and impairment of acquired intangibles	Reorganization & acquisition
Net revenue	\$3,350 to \$3,450	\$(50)				
Cost of goods sold	\$1,506 to \$1,551	\$2	\$(40)		\$(50)	
Operating expenses	\$1,468 to \$1,488		\$(130)		\$(15)	\$(23)
Interest and other, net	\$(3)			\$2		
Income before income taxes	\$379 to \$414	\$(52)	\$170	\$(2)	\$65	\$23

- 1) Includes 115.5 million basic shares and 1.1 million shares representing the potential dilution from unvested employee stock grants.
- 2) Adjusted for changes in restricted cash.
- 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 115.3 million basic shares and 1 million shares representing the potential dilution from unvested employee stock grants.

	FY 2022 REVISED GUIDANCE (\$ IN MILLIONS)	CHANGE FROM PRIOR GUIDANCE (\$ IN MILLIONS)
Net Bookings	\$3,300 TO \$3,400	PREVIOUSLY: \$3,200 TO \$3,300
Recurrent Consumer Spending Growth	-6% YOY	PREVIOUSLY: -9% YOY
Digitally-Delivered Net Bookings Growth	-4% YOY	PREVIOUSLY: -6% YOY
Non-GAAP Adjusted Unrestricted Operating Cash Flow	OVER \$400	PREVIOUSLY: OVER \$400

- We are raising our Net Bookings outlook to reflect our Q2 outperformance along with our updated forecast for the balance of the year, which includes the move of *Marvel's Midnight Suns* into 2H Calendar 2022 (FY23)
- RCS expected to decline by a smaller amount than our prior guidance
- Operating expense guidance is improved from our prior expectations, driven by lower marketing expenses due to the movement in our release schedule.
- We believe that we will achieve sequential Net Bookings growth in FY23 and establish new record levels of operating results over the next few years

FY22-FY24 Pipeline Details

	FY 2022-FY 2024*	ANNOUNCED TO-DATE
IMMERSIVE CORE	23	<ul style="list-style-type: none"> • <i>NBA 2K22</i> (2K) – LAUNCHED SEPTEMBER 2021 • <i>WWE 2K22</i> (2K) – LAUNCHING MARCH 2022 • <i>TINY TINA'S WONDERLANDS</i> (2K) – LAUNCHING MARCH 2022 • <i>MARVEL'S MIDNIGHT SUNS</i> (2K) – NOW LAUNCHING 2H CALENDAR 2022 (FISCAL 2023) • <i>KERBAL SPACE PROGRAM 2</i> (PRIVATE DIVISION) – LAUNCHING FISCAL 2023
INDEPENDENT	6	<ul style="list-style-type: none"> • <i>OLLI OLLI WORLD</i> (PRIVATE DIVISION) – LAUNCHING THIS WINTER IN 4Q FISCAL 2022
MOBILE	20	
MID CORE	4	
NEW ITERATIONS OF PREVIOUSLY RELEASED TITLES	9	<ul style="list-style-type: none"> • <i>KERBAL SPACE PROGRAM</i> FOR GEN 9 CONSOLES (PRIVATE DIVISION) – LAUNCHED SEPTEMBER 2021 • <i>GRAND THEFT AUTO: THE TRILOGY – THE DEFINITIVE EDITION</i> (ROCKSTAR GAMES) – LAUNCHING DIGITALLY NOVEMBER 11, 2021 (Physically December 2021, mobile: 1H Calendar 2022) • <i>GRAND THEFT AUTO V: EXPANDED AND ENHANCED</i> FOR GEN 9 CONSOLES (ROCKSTAR GAMES) – LAUNCHING MARCH 2022 • <i>GRAND THEFT AUTO ONLINE</i> – STANDALONE (ROCKSTAR GAMES) – LAUNCHING MARCH 2022

* FY22-24 release estimates provided as of May 18, 2021 – Updated FY23/24 pipeline details to be given with Q4 FY2022 results.

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 may also add 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 (like *PGA 2K* and *NBA 2K*) as well as *Grand Theft Auto* and *Red Dead Redemption* (to name a few).

Independent: Private Division releases.

Mobile: Any title released on a mobile platform.

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.

3Q 2022 GUIDANCE: GAAP

3Q 2022 GUIDANCE (\$ in millions, except EPS)

	3Q 2022 GUIDANCE
GAAP Net Revenue	\$840 TO \$890
Operating Expenses	\$378 TO \$388
GAAP Net Income	\$99 TO \$111
GAAP EPS	\$0.85 TO \$0.95

3Q 2022 GUIDANCE: SELECT FINANCIAL AND OPERATING DATA

3Q FY2022 GUIDANCE (\$ in millions, except EPS)

Three Months Ended December 31, 2021

Financial Data

\$ in millions	GAAP outlook ⁽³⁾	Change in deferred net revenue and related cost of goods sold		
		Stock-based compensation	Amortization of intangible assets	
Net revenue	\$840 to \$890	\$(40)		
Cost of goods sold	\$344 to \$370	\$—	\$(9)	\$(12)
Operating expenses	\$378 to \$388		\$(30)	\$(3)
Interest and other, net	\$—			
Income before income taxes	\$118 to \$132	\$(40)	\$39	\$15

- 1) Includes 115.5 million basic shares and 1.1 million shares representing the potential dilution from unvested employee stock grants.
- 2) Adjusted for changes in restricted cash.
- 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 115.3 million basic shares and 1 million shares representing the potential dilution from unvested employee stock grants.

3Q 2022 GUIDANCE

(\$ IN MILLIONS)

Net Bookings	\$800 TO \$850
Recurrent Consumer Spending Growth	Up Slightly YOY
Digitally-Delivered Net Bookings Growth	+5% YOY

- We believe that we can maintain our favorable engagement patterns as we continue to deliver the highest quality entertainment experiences that are driven by our teams' passion and commitment to creativity and innovation.



Non-GAAP Financial Measure

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

	Six Months Ended September 30,	
	2021	2020
Net cash from operating activities	\$ 283,679	\$ 626,745
Net change in Restricted cash related to Operations ⁽¹⁾	(227,573)	(90,513)
Adjusted Unrestricted Operating Cash Flow	\$ 56,106	\$ 536,232
	FY 2022	FY 2021
Restricted cash beginning of period (4/1)	\$ 637,363	\$ 635,728
Less Restricted cash end of period (9/30)	857,805	739,681
Less Restricted cash related to acquisitions	7,131	(13,440)
(1) Net change in Restricted cash related to Operations	<u>\$ (227,573)</u>	<u>\$ (90,513)</u>

THANK YOU

