



**Take-Two Interactive
Software, Inc.**
(NASDAQ: TTWO)

Fourth Quarter and Fiscal 2022 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 pending acquisition of Zynga; 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 both consumer demand and the discretionary spending patterns of our customers as the situation with the pandemic continues to evolve; the risks of conducting business internationally; 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 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.

4Q2022 AND FY2022 RESULTS SUMMARY: GAAP

FINANCIAL SUMMARY (\$ in millions, except EPS)

	Q 4		FY22	
	ACTUAL	GUIDANCE	ACTUAL	GUIDANCE
GAAP Net Revenue	\$930	\$835 TO \$885	\$3,505	\$3,410 TO \$3,460
Operating Expenses	\$403	\$389 TO \$399	\$1,496	\$1,481 TO \$1,491
GAAP Net Income	\$111	\$53 TO \$65	\$418	\$361 TO \$373
GAAP EPS	\$0.95	\$0.46 TO \$0.56	\$3.58	\$3.10 TO \$3.20

4Q2022 AND FY2022 RESULTS SUMMARY: SELECT MANAGEMENT RESULTS

SELECT FINANCIAL DATA (\$ in millions)

	Q 4		FY22	
	ACTUAL	GUIDANCE	ACTUAL	GUIDANCE
Net Bookings	\$846	\$808 TO \$858	\$3,408	\$3,370 TO \$3,420
Recurrent Consumer Spending Growth (RCS)	-6%	-3%	-6%	-5%
Digitally-Delivered Net Bookings Growth	+4%	Up Slightly	-2%	-3%
Non-GAAP Adjusted Unrestricted Operating Cash Flow (AUOCF)	-	-	\$425	OVER \$400

- Our newly released titles, *WWE 2K22* and *Tiny Tina's Wonderlands* outperformed our expectations, as did *Red Dead Redemption 2*
- Over the last few months, the consumer has seen a wide array of long-awaited, high-quality new releases in the market— including several of our own exciting titles that have not deployed significant live service offerings. Accordingly, recurrent consumer spending declined 6%

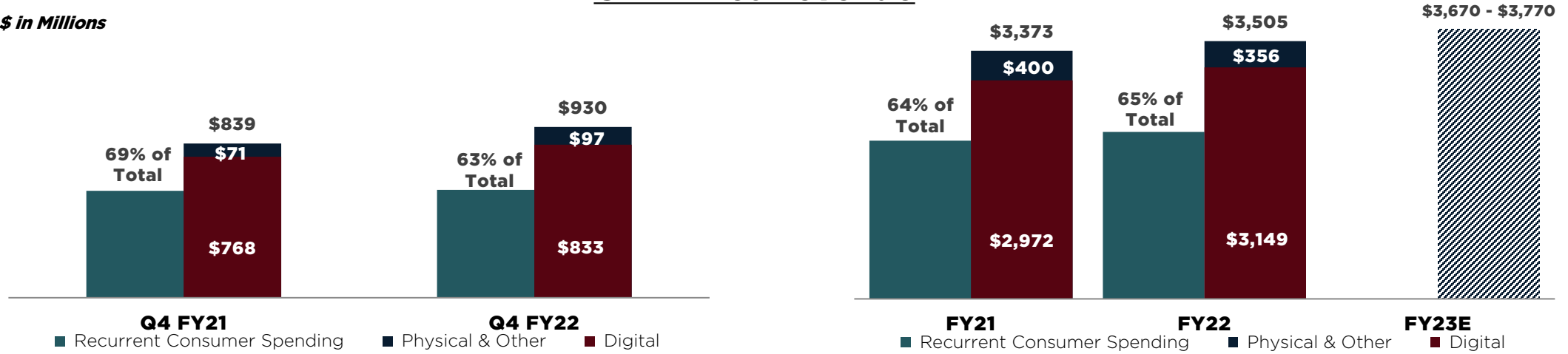
- As we expected, throughout the year, our engagement trends were notably higher than they were pre-pandemic; however, as the world began settling into its new normal, there was a moderation of the trends that benefitted our industry during the height of the pandemic



Net Revenue & Net Bookings

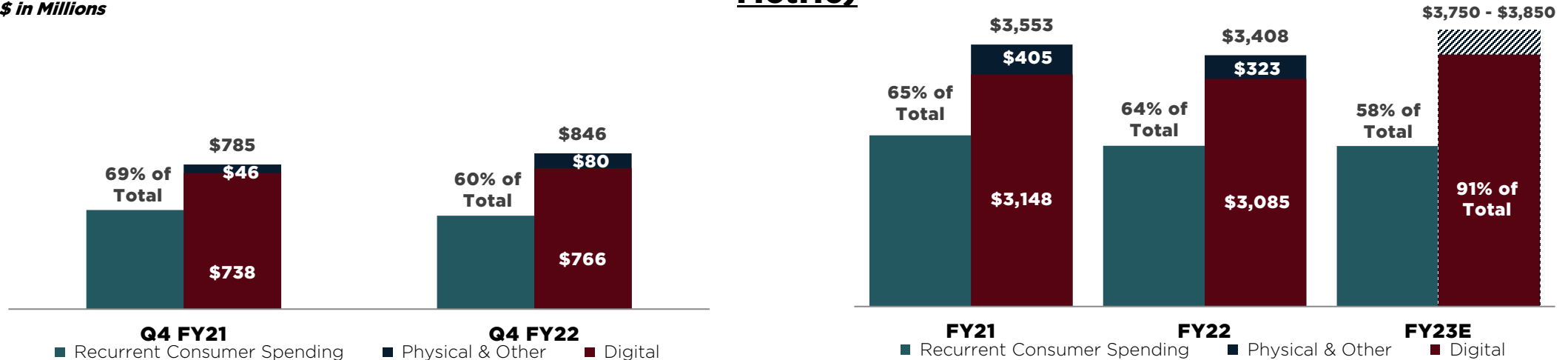
GAAP Net Revenue

\$ in Millions

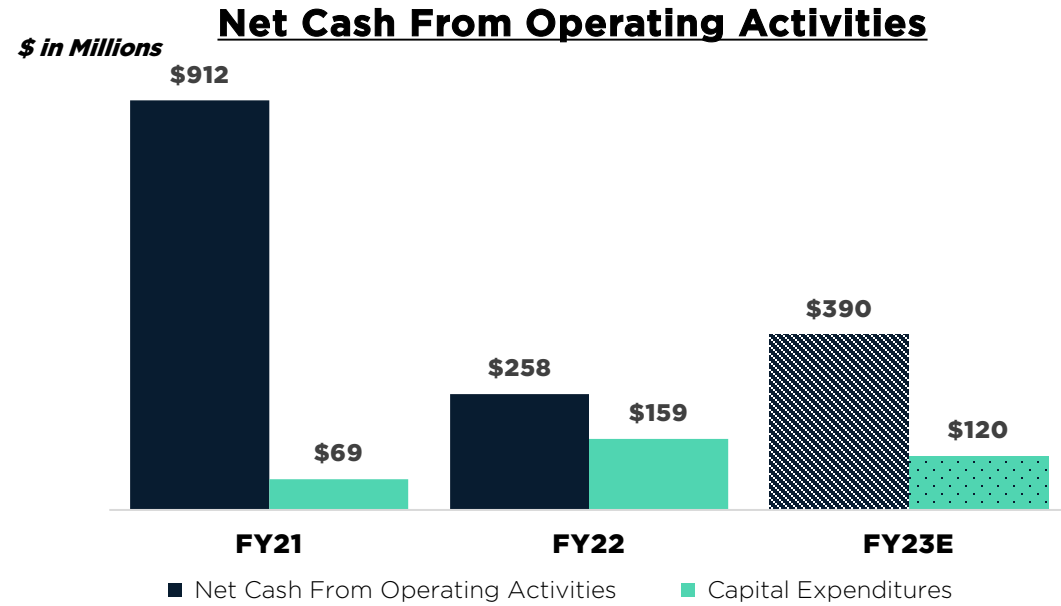


Net Bookings (Operational Metric)

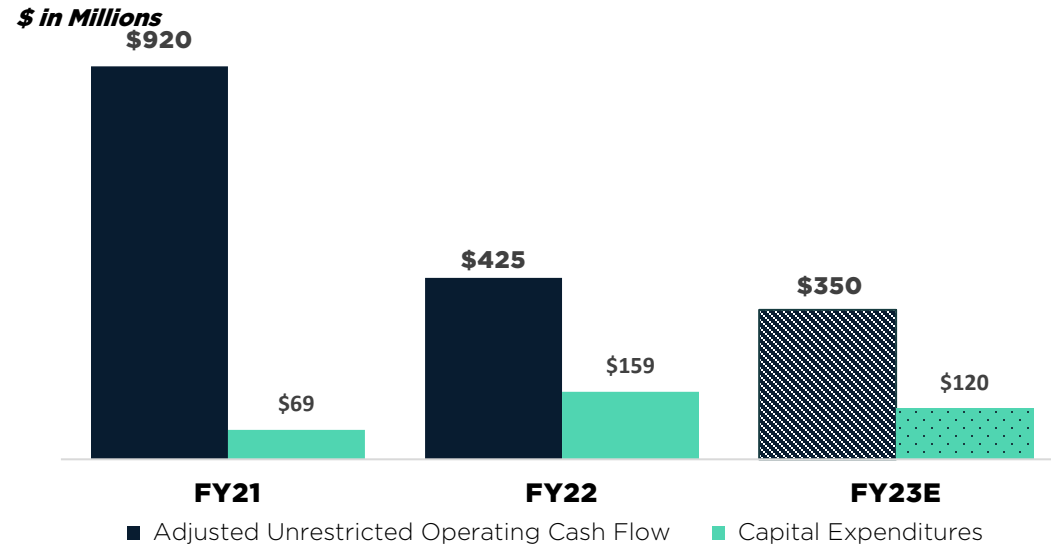
\$ in Millions



Cash Flow



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



(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 14 for a reconciliation to the most directly comparable GAAP measure.

FY 2023 GUIDANCE: GAAP

FISCAL YEAR 2023 GUIDANCE (\$ in millions, except EPS)

	FY 2023 GUIDANCE
GAAP Net Revenue	\$3,670 TO \$3,770
Operating Expenses	\$1,735 TO \$1,755
GAAP Net Income*	\$223 TO \$252
GAAP EPS*	\$1.90 TO \$2.15

Note: This initial outlook does not include Zynga Inc. in our projected results or the interest expense on the Senior notes the Company issued in April 2022 to fund the cash portion for the pending combination with Zynga Inc.

** The effective tax rate utilized for our GAAP net income outlook does not reflect U.S. tax law changes that went into effect on April 1, 2022 for the Company requiring the capitalization and amortization of research and development costs rather than deduction of such costs in the year incurred for US tax purposes, the potentially significant adverse impact of which we are still reviewing.*

FY 2023 GUIDANCE: SELECT FINANCIAL DATA

FISCAL YEAR 2023 GUIDANCE (\$ in millions, except EPS)

	Twelve Months Ending March 31, 2023				
	Financial Data				
\$ in millions	GAAP outlook ⁽⁴⁾	Change in deferred net revenue and related cost of goods sold	Stock-based compensation	Amortization and impairment of acquired intangibles	Reorganization & acquisition
Net revenue	\$3,670 to \$3,770	\$80			
Cost of goods sold	\$1,658 to \$1,703	\$5	\$(29)	\$(46)	
Operating expenses	\$1,735 to \$1,755		\$(123)	\$(2)	\$(30)
Interest and other, net	\$9				\$(12)
Income before income taxes	\$268 to \$303	\$75	\$152	\$48	\$42

- 1) The effective tax rate utilized for our GAAP net income outlook does not reflect U.S. tax law changes that went into effect on April 1, 2022 for the Company requiring the capitalization and amortization of research and development costs rather than deduction of such costs in the year incurred for US tax purposes, the potentially significant adverse impact of which we are still reviewing.
- 2) Includes 115.8 million basic shares and 1.2 million shares representing the potential dilution from unvested employee stock grants.
- 3) Adjusted for changes in restricted cash.
- 4) 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.
- 5) Includes 115.6 million basic shares and 1.3 million shares representing the potential dilution from unvested employee stock grants.

	FY 2023 GUIDANCE (\$ IN MILLIONS)
Net Bookings	\$3,750 TO \$3,850
Recurrent Consumer Spending Growth	FLAT YOY
Digitally-Delivered Net Bookings Growth	+10% YOY
Non-GAAP Adjusted Unrestricted Operating Cash Flow	OVER \$350

- On a standalone basis, we project Net bookings to range from \$3.75 billion to \$3.85 billion, a new record level for the Company, which implies strong growth of 11% at the midpoint
- We have an exciting pipeline, with 18 new releases planned for FY23 (not including any new releases from Zynga) and twice as many immersive core titles at FY22
- We are making significant investments in marketing, personnel, and IT to bring our pipeline to market
- On a standalone basis, we expect FY24 and FY25 to set even higher records of Net Bookings for our Company, alongside a significant ramp-up in profitability



Note: This initial outlook does not include Zynga Inc. in our projected results or the interest expense on the Senior notes the Company issued in April 2022 to fund the cash portion for the pending combination with Zynga Inc.

FY23-FY25 Pipeline Details

	FY 2023-FY 2025*	TITLES ANNOUNCED TO-DATE
IMMERSIVE CORE	24	<ul style="list-style-type: none"> • <i>THE QUARRY</i> (2K) – LAUNCHING JUNE 10, 2022 (FISCAL 2023) • <i>MARVEL'S MIDNIGHT SUNS</i> (2K) – LAUNCHING 2H CALENDAR 2022 (FISCAL 2023) • <i>KERBAL SPACE PROGRAM 2</i> (PRIVATE DIVISION) – PC LAUNCHING 4Q OF FISCAL 2023 (CONSOLE COMING IN FISCAL 2024) • <i>NBA 2K23, PGA TOUR 2K23, AND WWE 2K23</i> – LAUNCHING FISCAL 2023
INDEPENDENT	10	
MOBILE	20	<ul style="list-style-type: none"> • <i>GRAND THEFT AUTO: THE TRILOGY – THE DEFINITIVE EDITION</i> (ROCKSTAR GAMES) – MOBILE RELEASE PLANNED FOR FISCAL 2023
MID CORE	7	<ul style="list-style-type: none"> • <i>NEW TALES FROM THE BORDERLANDS</i> GAME – LAUNCHING FISCAL 2023
NEW ITERATIONS OF PREVIOUSLY RELEASED TITLES	8	

* *FY23-25 release estimates provided as of May 16, 2022 – Does not include Zynga. Updated FY24/25 pipeline details to be given with Q4 FY2023 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, 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 (like *PGA 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.

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.

1Q 2023 GUIDANCE: GAAP

1Q 2023 GUIDANCE (\$ in millions, except EPS)

	1Q 2023 GUIDANCE
GAAP Net Revenue	\$810 TO \$860
Operating Expenses	\$387 TO \$397
GAAP Net Income*	\$94 TO \$105
GAAP EPS*	\$0.80 TO \$0.90

Note: This initial outlook does not include Zynga Inc. in our projected results or the interest expense on the Senior notes the Company issued in April 2022 to fund the cash portion for the pending combination with Zynga Inc.

** The effective tax rate utilized for our GAAP net income outlook does not reflect U.S. tax law changes that went into effect on April 1, 2022 for the Company requiring the capitalization and amortization of research and development costs rather than deduction of such costs in the year incurred for US tax purposes, the potentially significant adverse impact of which we are still reviewing.*

1Q 2023 GUIDANCE: SELECT FINANCIAL DATA

1Q FY2023 GUIDANCE (\$ in millions, except EPS)

\$ in millions	Three Months Ending June 30, 2022				
	GAAP outlook ⁽⁴⁾	Change in deferred net revenue and related cost of goods sold	Stock-based compensation	Amortization of intangible assets	Reorganization & Acquisition
Net revenue	\$810 to \$860	\$(110)			
Cost of goods sold	\$303 to \$329	\$(7)	\$(5)	\$(14)	
Operating expenses	\$387 to \$397		\$(31)	\$(1)	\$(15)
Interest and other, net	\$7				\$(8)
Income before income taxes	\$113 to \$127	\$(103)	\$36	\$15	\$23

- 1) The effective tax rate utilized for our GAAP net income outlook does not reflect U.S. tax law changes that went into effect on April 1, 2022 for the Company requiring the capitalization and amortization of research and development costs rather than deduction of such costs in the year incurred for US tax purposes, the potentially significant adverse impact of which we are still reviewing.
- 2) Includes 115.8 million basic shares and 1.2 million shares representing the potential dilution from unvested employee stock grants.
- 3) Adjusted for changes in restricted cash.
- 4) 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.
- 5) Includes 115.6 million basic shares and 1.3 million shares representing the potential dilution from unvested employee stock grants.

1Q 2023 GUIDANCE

(\$ IN MILLIONS)

Net Bookings	\$700 TO \$750
Recurrent Consumer Spending Growth	-10% YOY
Digitally-Delivered Net Bookings Growth	+2% YOY

- The largest contributors to Net Bookings are expected to be *NBA 2K22*, *Grand Theft Auto Online* and *Grand Theft Auto V*, *Tiny Tina's Wonderlands*, *Red Dead Redemption 2* and *Red Dead Online*, *The Quarry*, and *WWE 2K22*
- We project recurrent consumer spending to decline by 10%, as we believe that the momentum behind our own exciting titles that have not deployed significant live service offerings will continue into the first quarter

Note: This initial outlook does not include Zynga Inc. in our projected results or the interest expense on the Senior notes the Company issued in April 2022 to fund the cash portion for the pending combination with Zynga Inc.



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

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

	Twelve Months Ended March 31,	
	2022	2021
Net cash from operating activities	\$ 243,355	\$ 912,318
Net change in Restricted cash ⁽¹⁾	166,948	7,965
Adjusted Unrestricted Operating Cash Flow	<u>\$ 424,932</u>	<u>\$ 920,283</u>

	Twelve Months Ended March 31,	
	2022	2021
Restricted cash beginning of period	\$ 637,363	\$ 635,728
Restricted cash end of period	463,284	637,363
Restricted cash related to acquisitions	7,131	9,600
⁽¹⁾ Net change in Restricted cash	<u>\$ 166,948</u>	<u>\$ 7,965</u>

THANK YOU

