



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

SECOND QUARTER FISCAL 2024 RESULTS &  
GUIDANCE SUMMARY

## CAUTIONARY NOTE: FORWARD LOOKING STATEMENTS

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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](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.

## Q2 FY2024 RESULTS SUMMARY: GAAP

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

#### Q2

	ACTUAL	GUIDANCE
<b>GAAP Net Revenue</b>	\$1,299	\$1,260 TO \$1,310
<b>Operating Expenses</b>	\$955	\$811 TO \$821
<b>GAAP Net Loss</b>	\$(553)	\$(170) TO \$(153)
<b>GAAP EPS</b>	\$(3.25)	\$(1.00) TO \$(0.90)

**Note:** GAAP results were impacted by: 1) an impairment charge of \$237 million related to acquired intangibles and 2) \$161 million of goodwill impairment, representing a partial impairment of one of our reporting units

# Q2 FY2024 RESULTS SUMMARY: SELECT MANAGEMENT AND OPERATING RESULTS

## SELECT FINANCIAL DATA (\$ in millions)

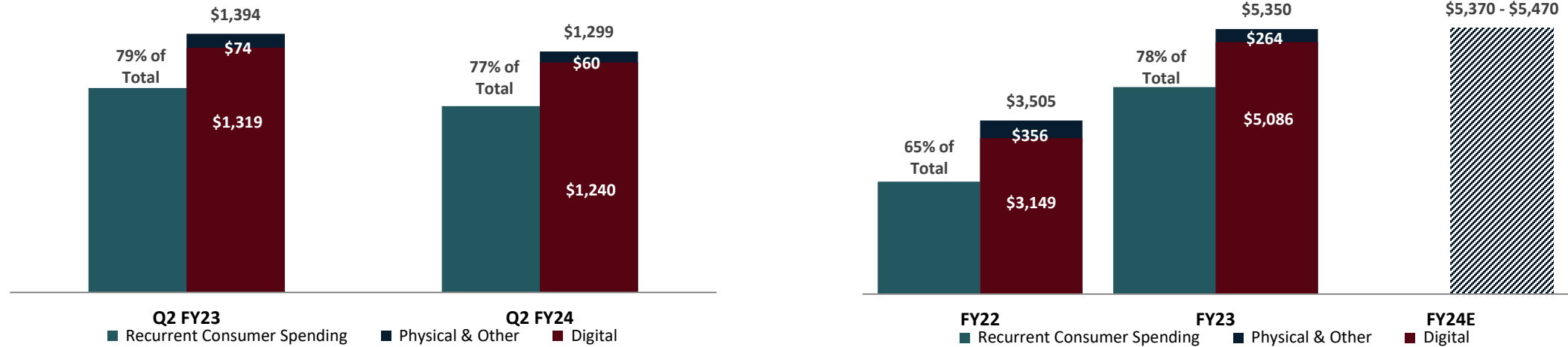
	Q2	
	ACTUAL	GUIDANCE
Net Bookings	\$1,445	\$1,400 TO \$1,450
Recurrent Consumer Spending Growth (RCS)	-7%	-7%

- We delivered another great quarter, which demonstrates the enduring strength of our catalog, our ability to deliver deeply engaging post-launch content, and our commitment to disciplined execution
- Net Bookings were \$1.44 billion, which was at the high end of our guidance range
- Our performance reflects better-than-expected results from *Grand Theft Auto V* and *Grand Theft Auto Online*, and *Red Dead Redemption 2*
- Recurrent consumer spending declined 7%, which was in line with our outlook
- On a management basis, operating expenses were flat year-over-year, which was favorable to our guidance, driven by lower marketing expenditures, some of which was shifted to later this year

# NET REVENUE AND NET BOOKINGS

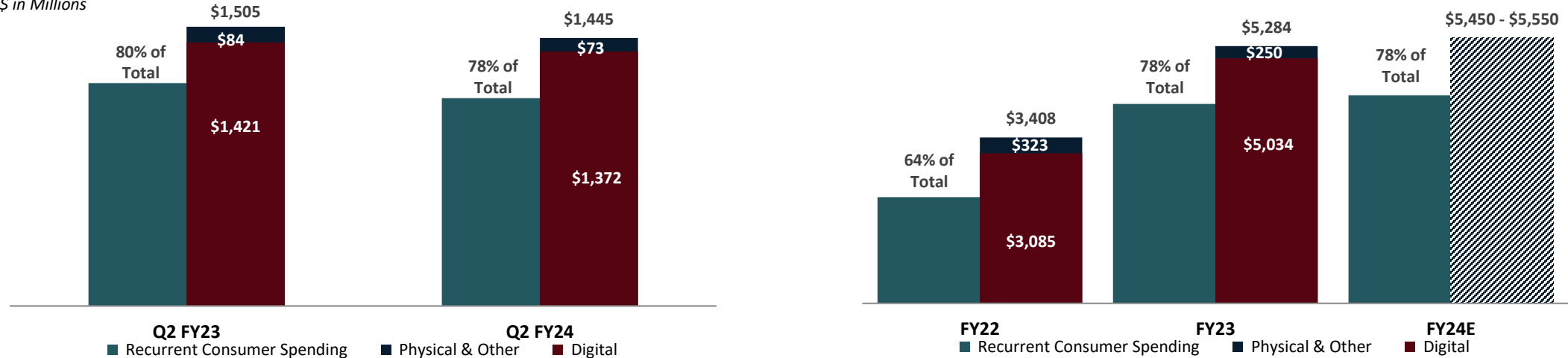
## GAAP Net Revenue

\$ in Millions



## Net Bookings (Operational Metric)

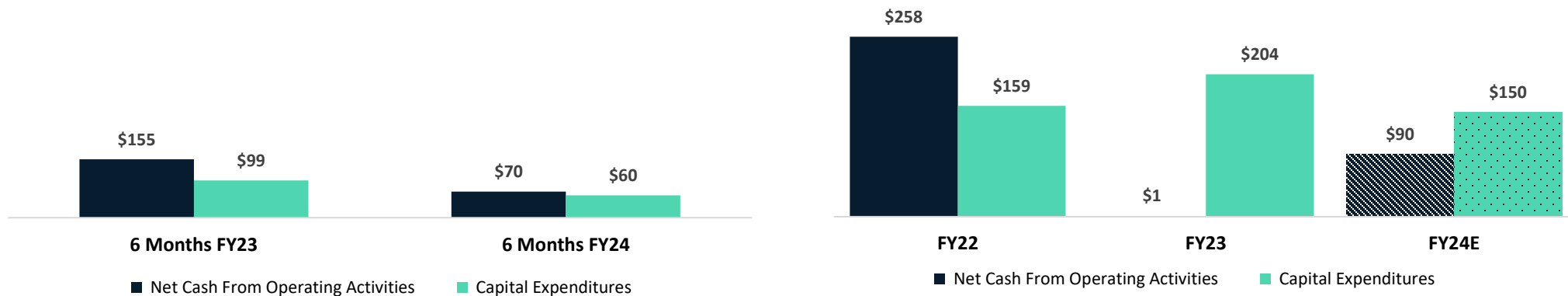
\$ in Millions



# CASH FLOW

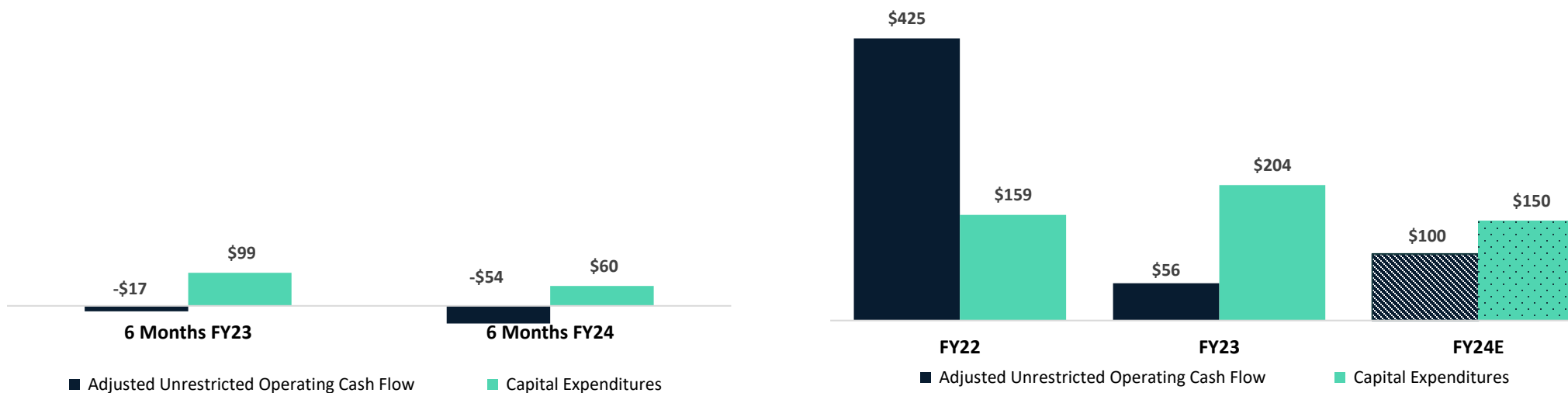
## Net Cash From Operating Activities

\$ in Millions



## Adjusted Unrestricted Operating Cash Flow (Non-GAAP)<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. See slide 14 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	\$5,370 TO \$5,470	NO CHANGE
Operating Expenses	\$3,530 TO \$3,550	PREVIOUSLY: \$3,383 TO \$3,403
GAAP Net Loss	\$(957) TO \$(910)	PREVIOUSLY: \$(545) TO \$(501)
GAAP EPS	\$(5.62) TO \$(5.35)	PREVIOUSLY: \$(3.20) TO \$(2.95)

# 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	\$5,450 TO \$5,550	NO CHANGE
Recurrent Consumer Spending Growth (RCS)	+4% YOY	PREVIOUSLY: +5%
Non-GAAP Adjusted Unrestricted Operating Cash Flow	APPROXIMATELY \$100	NO CHANGE

\$ in millions except for per share amounts	Fiscal Year Ending March 31, 2024				
	Outlook <sup>(1)</sup>	Change in deferred net revenue and related cost of revenue	Stock-based compensation	Amortization and impairment of acquired intangibles	Business acquisition and other <sup>(a)</sup>
<b>GAAP</b>					
Total net revenue	\$5,370 to \$5,470	\$80			
Cost of revenue	\$2,791 to \$2,819	\$(1)	\$(27)	\$(948)	\$10
Operating expenses	\$3,530 to \$3,550		\$(307)	\$(115)	\$(208)
Interest and other, net	\$114	\$(1)			\$(18)
(Loss) income before income taxes	\$(1,065) to \$(1,013)	\$82	\$334	\$1,063	\$216
Net loss	\$(957) to \$(910)				
Net loss per share	\$(5.62) to \$(5.35)				
Net cash provided by operating activities	approximately \$90				
Capital expenditures	approximately \$150				
<b>Non-GAAP</b>					
EBITDA	\$378 to \$430	\$81	\$334		\$33
Adjusted Unrestricted Operating Cash Flow	approximately \$100				
<b>Operational metric</b>					
Net Bookings	\$5,450 to \$5,550				

- 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 172.2 million

- While we expect continued macroeconomic uncertainty, we believe that we are well positioned for the holiday season and are reiterating our fiscal 2024 Net Bookings guidance of \$5.45 to \$5.55 billion
- We project RCS growth of 4%, which assumes growth in *NBA 2K* as well as *Zynga*, since we will own the business for a full 12 months this year. For *Grand Theft Auto Online*, virtual currency and GTA+ membership is expected to be flat
- We have great confidence in our multi-year growth trajectory and we believe there are many exciting upcoming catalysts that will enable our Company to achieve new record levels of financial performance



(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.



## Q3 FY2024 GUIDANCE: GAAP

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### Q3 FISCAL 2024 GUIDANCE (\$ in millions, except EPS)

	<u>Q3 FY24 GUIDANCE</u>
<b>GAAP Net Revenue</b>	\$1,290 TO \$1,340
<b>Operating Expenses</b>	\$826 TO \$836
<b>GAAP Net Loss</b>	\$(124) TO \$(107)
<b>GAAP EPS</b>	\$(0.73) TO \$(0.63)

# Q3 FY2024 GUIDANCE: SELECT FINANCIAL DATA

## Q3 FISCAL 2024 GUIDANCE (\$ in millions, except EPS)

### Q3 FY2024 GUIDANCE (\$ IN MILLIONS)

Net Bookings \$1,300 TO \$1,350

Recurrent Consumer Spending Growth (RCS) -5% YOY

Three Months Ending December 31, 2023

\$ in millions except for per share amounts	Outlook <sup>(1)</sup>	Financial Data			
		Change in deferred net revenue and related cost of revenue	Stock-based compensation	Amortization of intangible assets	Business acquisition and other
<b>GAAP</b>					
Total net revenue	\$1,290 to \$1,340	\$10			
Cost of revenue	\$589 to \$608	\$(3)	\$(5)	\$(175)	
Operating expenses	\$826 to \$836		\$(79)	\$(18)	
Interest and other, net	\$30				\$(2)
(Loss) income before income taxes	\$(155) to \$(134)	\$13	\$84	\$193	\$2
Net loss	\$(124) to \$(107)				
Net loss per share	\$(0.73) to \$(0.63)				
<b>Non-GAAP</b>					
EBITDA	\$95 to \$116	\$13	\$84		\$2
<b>Operational metric</b>					
Net Bookings	\$1,300 to \$1,350				

- Management reporting tax rate anticipated to be 18%
- Share count used to calculate GAAP net loss per share is expected to be 170.3 million
- Share count used to calculate management reporting diluted net income per share is expected to be 172.4 million
- We expect to deliver Net Bookings of \$1.300 billion to \$1.350 billion
- Our release slate for the quarter includes two mobile titles, *Top Troops* and *Match Factory*, as well as *Borderlands 3 Ultimate Edition*, all of which have been released
- We project RCS to decline by approximately 5%, which assumes a modest decline in our mobile business, which is partly offset by growth in *NBA 2K*. For *Grand Theft Auto Online*, virtual currency and GTA+ membership is 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

	<b>FY 2024 - FY 2026*</b>	<b>TITLES OFFICIALLY ANNOUNCED TO-DATE</b>
<b>Immersive Core</b>	17	<ul style="list-style-type: none"> <li>• <i>NBA 2K24 (2K)</i> - Launched September 8, 2023</li> <li>• <i>WWE 2K24 (2K)</i> - Launching Fiscal 2024</li> <li>• Judas (Ghost Story Games) - TBA</li> </ul>
<b>Independent</b>	7	<ul style="list-style-type: none"> <li>• <i>After Us</i> (Private Division) - Launched May 23, 2023</li> <li>• <i>Penny's Big Breakaway</i> (Private Division) - Launching Early Calendar 2024</li> <li>• <i>Tales of the Shire</i> (Private Division) - Fiscal 2025</li> <li>• Title planned from partnership with Game Freak</li> </ul>
<b>Mobile** (Currently scheduled for worldwide launch)</b>	18	<ul style="list-style-type: none"> <li>• <i>Power Slap</i> (Zynga) - Launched August 9, 2023</li> <li>• <i>Top Troops</i> (Zynga) - Launched October 3, 2023</li> <li>• <i>Match Factory</i> (Zynga) - Launched November 7, 2023</li> <li>• <i>Game of Thrones: Legends</i> (Zynga) - Launching Calendar 2024</li> <li>• <i>Star Wars Hunters</i> (Zynga) - Planned for worldwide launch in Calendar 2024</li> <li>• <i>Grand Theft Auto: The Trilogy - The Definitive Edition</i> (Rockstar Games) - TBA</li> </ul>
<b>Mid-Core</b>	4	<ul style="list-style-type: none"> <li>• <i>LEGO 2K Drive (2K)</i> - Launched May 19, 2023</li> </ul>
<b>New Iterations of Previously Released Titles</b>	6	<ul style="list-style-type: none"> <li>• <i>Red Dead Redemption</i> and <i>Undead Nightmare</i> for Switch and PS4 - Launched August 17, 2023</li> <li>• <i>Borderlands Collection: Pandora's Box</i> - Launched September 1, 2023</li> <li>• <i>Borderlands 3 Ultimate Edition</i> (Switch) - Launched October 6, 2023</li> </ul>

\* 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

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## **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

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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)

	Six Months Ended September 30,	
	2023	2022
<b>Net cash from operating activities</b>	\$ 69.8	\$ 155.4
Net change in Restricted cash <sup>(1)</sup>	(123.3)	(172.5)
<b>Adjusted Unrestricted Operating Cash Flow</b>	<b>\$ (53.5)</b>	<b>\$ (17.1)</b>
	Six Months Ended September 30,	
	2023	2022
Restricted cash beginning of period	\$ 407.2	\$ 463.3
Restricted cash end of period	529.4	701.0
Restricted cash related to acquisitions	1.1	(65.2)
<sup>(1)</sup> Net change in Restricted cash	<b>\$ (123.3)</b>	<b>\$ (172.5)</b>

## RECONCILIATION OF GAAP TO NON-GAAP MEASURE

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

(in millions)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2023	2022	2023	2022
Net loss	\$ (543.6)	\$ (257.0)	\$ (749.6)	\$ (361.0)
Benefit from income taxes	(33.4)	(44.1)	(56.3)	(46.4)
Interest expense (income)	21.0	24.9	33.7	49.9
Depreciation and amortization	45.3	29.9	85.7	51.0
Amortization and impairment of acquired intangibles	418.2	311.6	658.5	424.0
Goodwill impairment	165.4	—	165.4	—
EBITDA	\$ 72.9	\$ 65.3	\$ 137.4	\$ 117.5

# RECONCILIATION OF GAAP TO NON-GAAP MEASURE

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

(in millions)

### Outlook

	<b>Fiscal Year Ending March 31, 2024</b>
Net loss	\$(957) to \$(910)
Benefit from income taxes	\$(108) to \$(103)
Interest expense	\$85
Depreciation	\$130
Amortization of acquired intangibles	\$1,063
Goodwill impairment	\$165
EBITDA	\$378 to \$430

### Outlook

	<b>Three Months Ended December 31, 2023</b>
Net loss	\$(124) to \$(107)
Benefit from income taxes	\$(31) to \$(27)
Interest expense	\$26
Depreciation	\$30
Amortization of acquired intangibles	\$194
EBITDA	\$95 to \$116





THANK YOU