



**Take-Two Interactive  
Software, Inc.**  
**(NASDAQ: TTWO)**  
**Q1 FY2022 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/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](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.

# 1Q2022 RESULTS SUMMARY: GAAP

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

### Q1

	ACTUAL	GUIDANCE
<b>GAAP Net Revenue</b>	\$813	\$730 TO \$780
<b>Operating Expenses</b>	\$313	\$316 TO \$326
<b>GAAP Net Income</b>	\$152	\$116 TO \$129
<b>GAAP EPS</b>	\$1.30	\$1.00 TO \$1.10

# 1Q2022 RESULTS SUMMARY: SELECT MANAGEMENT RESULTS

## SELECT OPERATING AND FINANCIAL DATA (\$ in millions)

	Q1	
	ACTUAL	GUIDANCE
<b>Net Bookings*</b>	\$711	\$625 TO \$675
<b>Change in Recurrent Consumer Spending (RCS)</b>	-25%	-30%
<b>Change in Digitally-Delivered Net Bookings</b>	-26%	-30%
<b>Non-GAAP Adjusted Unrestricted Operating Cash Flow (AUOCF)</b>	\$29	-

- Second-highest Q1 Net Bookings on record
- Overall engagement exceeded our expectations
- RCS outperformance was primarily driven by *Grand Theft Auto Online*, as well as the addition of Nordeus
- Digitally-delivered Net Bookings performed better than our expectations, primarily due to the outperformance of RCS

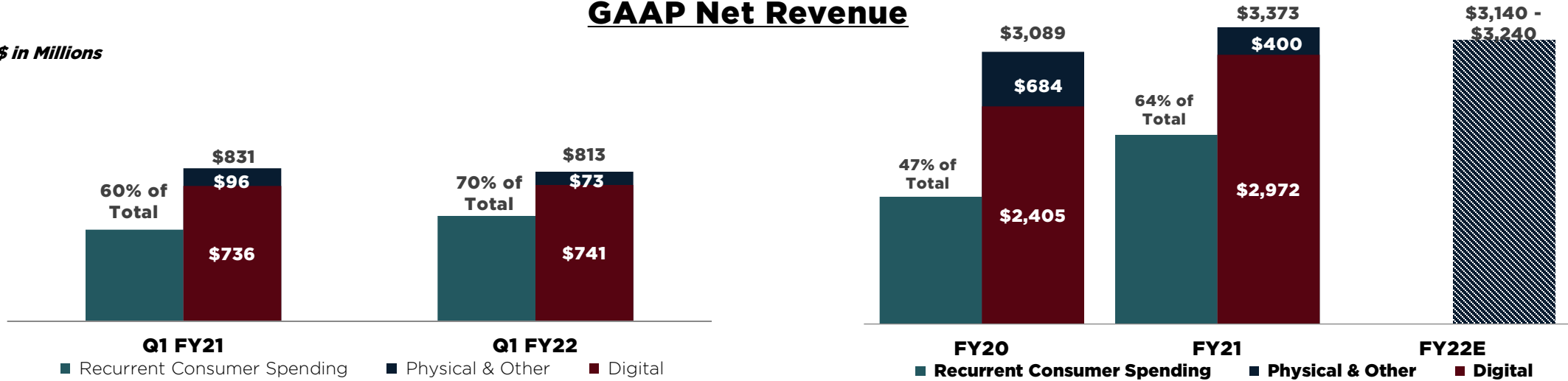


\* Net Bookings is defined as the net amount of products and services sold digitally or sold-in physically during the period, and includes licensing fees, merchandise, in-game advertising, strategy guides and publisher incentives.

# Net Revenue & Net Bookings

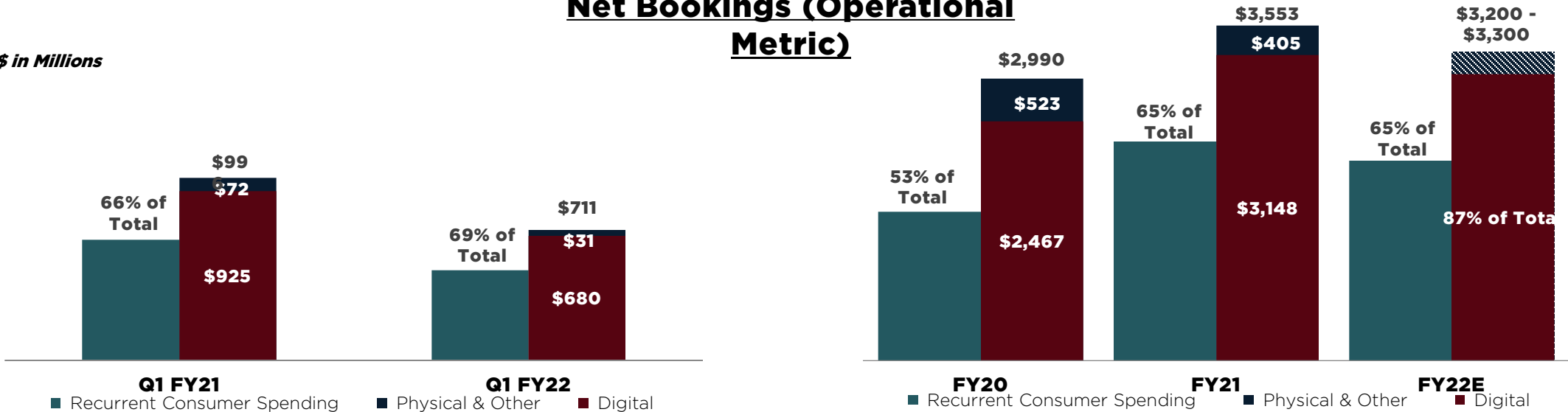
## GAAP Net Revenue

\$ in Millions



## Net Bookings (Operational Metric)

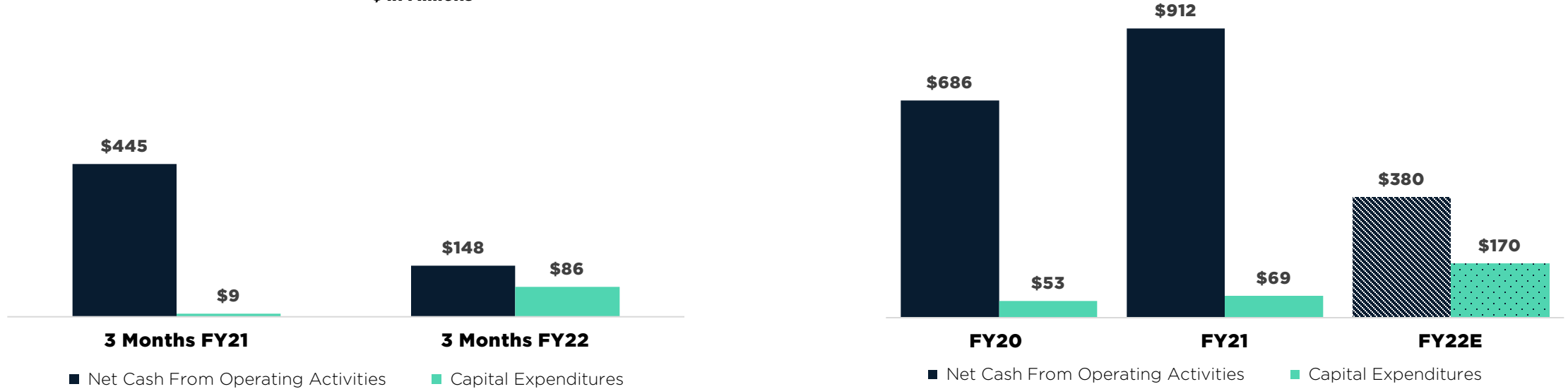
\$ in Millions



# Cash Flow

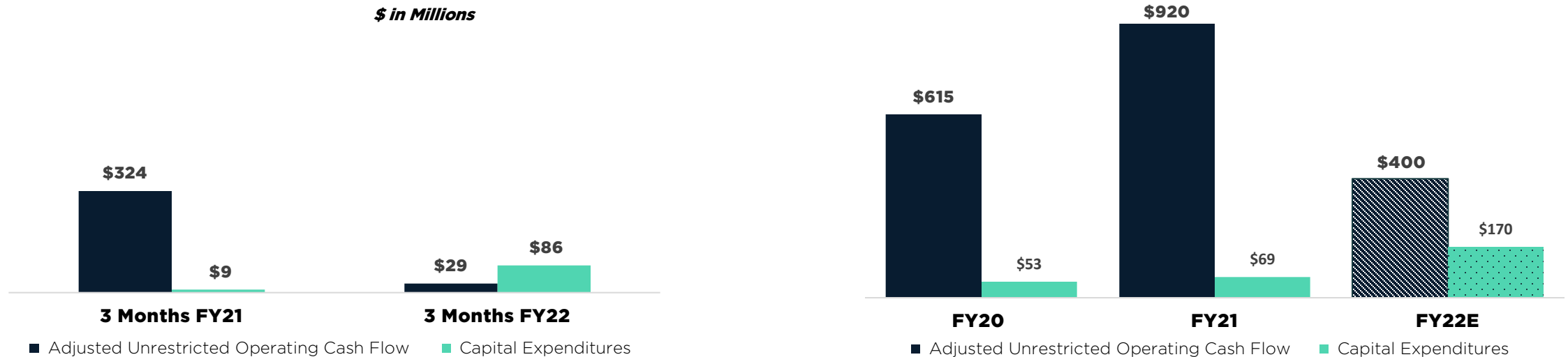
## Net Cash From Operating Activities

\$ in Millions



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

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

	<b>FY 2022 REVISED GUIDANCE</b>	<b>CHANGE FROM PRIOR GUIDANCE</b>
<b>GAAP Net Revenue</b>	\$3,140 TO \$3,240	REITERATED
<b>Operating Expenses</b>	\$1,481 TO \$1,501	PREVIOUSLY: \$1,461 TO \$1,481
<b>GAAP Net Income</b>	\$229 TO \$259	PREVIOUSLY: \$228 TO \$257
<b>GAAP EPS</b>	\$1.95 TO \$2.20	REITERATED

# FY 2022 REVISED GUIDANCE: SELECT FINANCIAL AND OPERATING DATA

## FISCAL YEAR 2022 REVISED 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	Loss on long term investments	Amortization of Intangible Assets	Reorganization & Acquisition
Net revenue	\$3,140 to \$3,240	\$60				
Cost of goods sold	\$1,399 to \$1,444	\$27	(\$42)		(\$48)	
Operating expenses	\$1,481 to \$1,501		(\$127)		(\$12)	(\$2)
Interest and other, net	(\$3)	\$1		\$2		
Income (loss) before income taxes	\$263 to \$298	\$32	\$169	(\$2)	\$60	\$2

- 1) Includes 116.3 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 116.4 million basic shares and 0.9 million shares representing the potential dilution from unvested employee stock grants.

	FY 2022 REVISED GUIDANCE (\$ IN MILLIONS)	CHANGE FROM PRIOR GUIDANCE (\$ IN MILLIONS)
<b>Net Bookings</b>	\$3,200 TO \$3,300	REITERATED
<b>Recurrent Consumer Spending Growth</b>	-9% YOY	PREVIOUSLY: -15% YOY
<b>Digitally-Delivered Net Bookings Growth</b>	-6% YOY	PREVIOUSLY: -8% YOY
<b>Non-GAAP Adjusted Unrestricted Operating Cash Flow</b>	OVER \$400	REITERATED

- Guidance projects the second-highest level of Net Bookings in our company's history
- We are reiterating our FY outlook, as there has been some movement in our release schedule, including two of our immersive core releases shifting to later in fiscal 2022 than contemplated by our prior guidance
- Our approach has always been to allow our labels to determine when projects are ready to bring to market to ensure the best quality and overall experience for players
- RCS expected to decline by a smaller amount than our prior guidance due to Q1 performance and the addition of Nordeus
- We believe that we will achieve sequential growth in fiscal 2023 and establish new record levels of operating results over the next few years



# Pipeline Details\* (as of May 18, 2021)

	FY 2022	COMMENTS
IMMERSIVE CORE	4	<i>NBA 2K22 (2K)</i> <i>WWE 2K22 (2K)</i> <i>TINY TINA'S WONDERLANDS (2K)</i> ONE UNNANNOUNCED (2K)
INDEPENDENT	1	<i>OLLIOLLI WORLD (Private Division)</i>
MOBILE	10	ALL FREE TO PLAY / AS YET UNNANNOUNCED
NEW ITERATIONS OF PREVIOUSLY RELEASED TITLES	6	<i>GRAND THEFT AUTO V: EXPANDED AND ENHANCED FOR GEN 9 CONSOLES (Rockstar Games)</i> <i>GRAND THEFT AUTO ONLINE – STANDALONE (Rockstar Games)</i> <i>KERBAL SPACE PROGRAM FOR GEN 9 CONSOLES (Private Division)</i> THREE UNNANNOUNCED

*\* Pipeline as of May 18, 2021. No material changes have been made to our FY2022 pipeline, or our FY2023-FY2024 pipeline expectations provided previously.*



*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 Details\* (as of May 18, 2021)

	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

*\* Pipeline as of May 18, 2021. No material changes have been made to our FY2022 pipeline, or our FY2023-FY2024 pipeline expectations provided previously.*



*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

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**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.

## 2Q 2022 GUIDANCE: GAAP

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### 2Q 2022 GUIDANCE (\$ in millions, except EPS)

	<b>2Q 2022 GUIDANCE</b>
<b>GAAP Net Revenue</b>	\$740 TO \$790
<b>Operating Expenses</b>	\$368 TO \$378
<b>GAAP Net Income</b>	\$41 TO \$53
<b>GAAP EPS</b>	\$0.35 TO \$0.45

# 2Q 2022 GUIDANCE: SELECT FINANCIAL AND OPERATING DATA

## 2Q FY2022 GUIDANCE (\$ in millions, except EPS)

Three Months Ending September 30, 2021

	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
<i>\$ in millions</i>				
Net revenue	\$740 to \$790	\$75		
Cost of goods sold	\$323 to \$349	\$10	(\$8)	(\$12)
Operating Expenses	\$368 to \$378		(\$29)	(\$4)
Interest and other, net	\$0			
Income before income taxes	\$49 to \$63	\$65	\$37	\$16

- 1) Includes 116.3 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 116.4 million basic shares and 0.9 million shares representing the potential dilution from unvested employee stock grants.

### 2Q 2022 GUIDANCE

(\$ IN MILLIONS)

<b>Net Bookings</b>	\$815 TO \$865
<b>Recurrent Consumer Spending Growth</b>	-11% YOY
<b>Digitally-Delivered Net Bookings Growth</b>	-5% YOY

- Reflects continued challenging comparisons from LY due to COVID-19
- 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



# 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)

	Three months ended June 30,	
	2021	2020
<b>Net cash from operating activities</b>	\$ 148,242	\$ 445,423
Net change in Restricted cash related to Operations <sup>(1)</sup>	(119,139)	(121,420)
<b>Adjusted Unrestricted Operating Cash Flow</b>	<u>\$ 29,103</u>	<u>\$ 324,003</u>

	FY 2022	FY 2021
Restricted cash beginning of period (4/1)	\$ 637,363	\$ 635,728
Less Restricted cash end of period (6/30)	756,502	757,148
<sup>(1)</sup> Net change in Restricted cash related to Operations	<u>\$ (119,139)</u>	<u>(\$ 121,420)</u>

**THANK YOU**

