



**TAKE-TWO INTERACTIVE  
SOFTWARE, INC.**

(NASDAQ: TTWO)

FIRST 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, such as the ability of the Company to retain key personnel; 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 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; and 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.

# Q1 FY2024 RESULTS SUMMARY: GAAP

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

### Q1

	ACTUAL	GUIDANCE
<b>GAAP Net Revenue</b>	\$1,285	\$1,210 TO \$1,260
<b>Operating Expenses</b>	\$883	\$827 TO \$837
<b>GAAP Net Loss</b>	\$(206)	\$(178) TO \$(161)
<b>GAAP EPS</b>	\$(1.22)	\$(1.05) TO \$(0.95)

**Note:** GAAP results were impacted by amortization of acquired intangibles, business acquisition costs, and the devaluation of the Turkish Lira against the U.S. Dollar

# Q1 FY2024 RESULTS SUMMARY: SELECT MANAGEMENT AND OPERATING RESULTS

## SELECT FINANCIAL DATA (\$ in millions)

	Q1	
	ACTUAL	GUIDANCE
<b>Net Bookings</b>	\$1,202	\$1,150 TO \$1,200
<b>Recurrent Consumer Spending Growth (RCS)</b>	+38%	+35%
<b>Digitally-Delivered Net Bookings (% of Net Bookings)</b>	97%	N/A
<b>Digitally-Delivered Console Game Sales (% of Net Bookings)</b>	80%	N/A

- Net Bookings were \$1.2 billion, which was at the high end of our guidance range
- In the current macroeconomic backdrop, we continue to observe that many of our consumers are purchasing established franchises and those that offer strong value, and our catalog stands at the intersection of these two trends. Accordingly, our performance reflects better-than-expected results from *Grand Theft Auto Online* and *Grand Theft Auto V*, and *NBA 2K*
- Recurrent consumer spending rose 38%, which was above our outlook, primarily driven by *Grand Theft Auto Online* and *NBA 2K23*
- We recorded an impairment charge of \$18 million, related primarily to capitalized software and development costs for an unreleased title, which affected our management results compared to our guidance

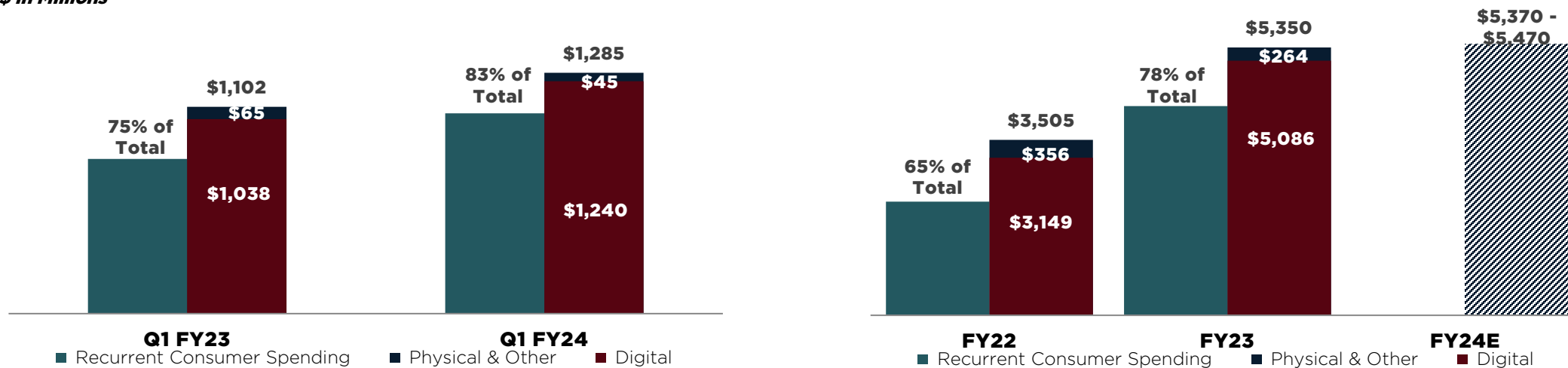
**Note:** Results from last year included a partial quarter from our Zynga business, as the transaction closed 5/23/2022



# NET REVENUE AND NET BOOKINGS

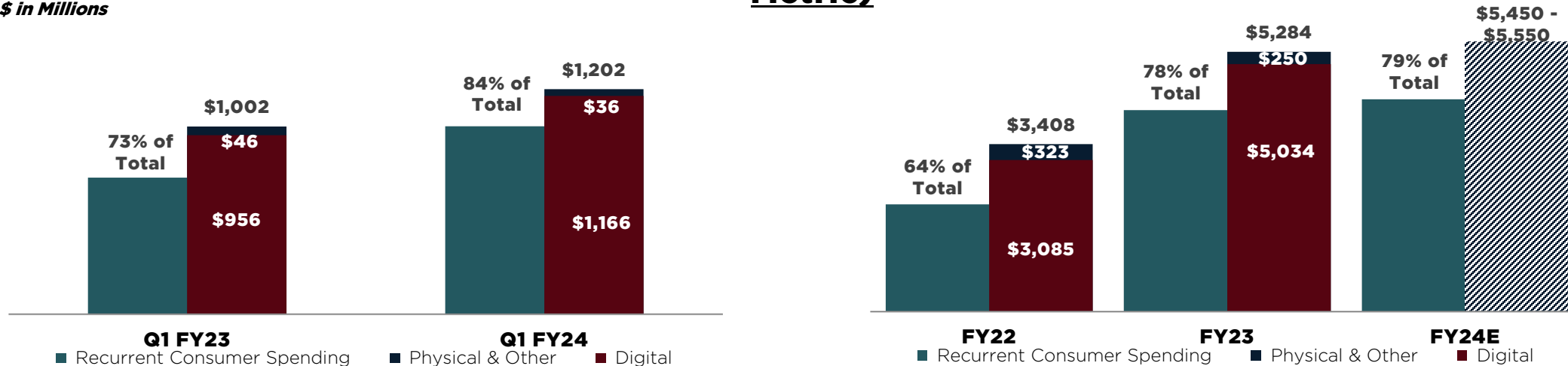
## GAAP Net Revenue

\$ in Millions



## Net Bookings (Operational Metric)

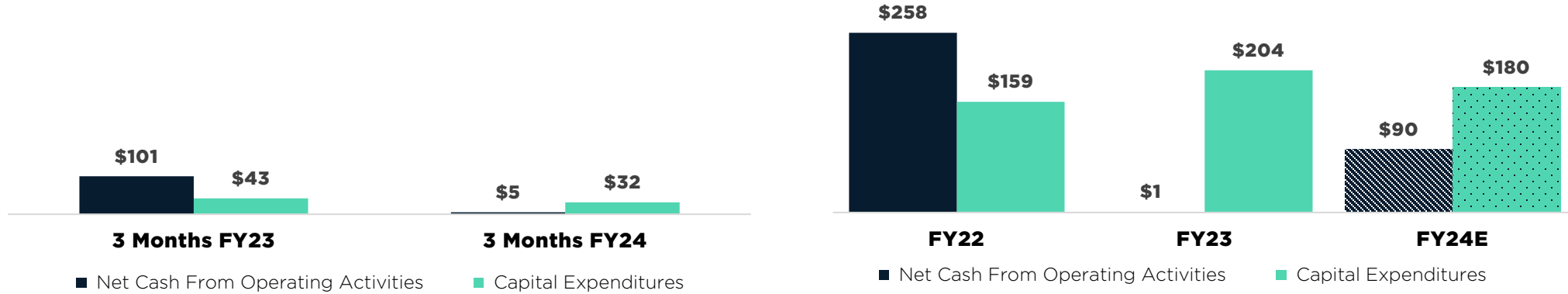
\$ in Millions



# CASH FLOW

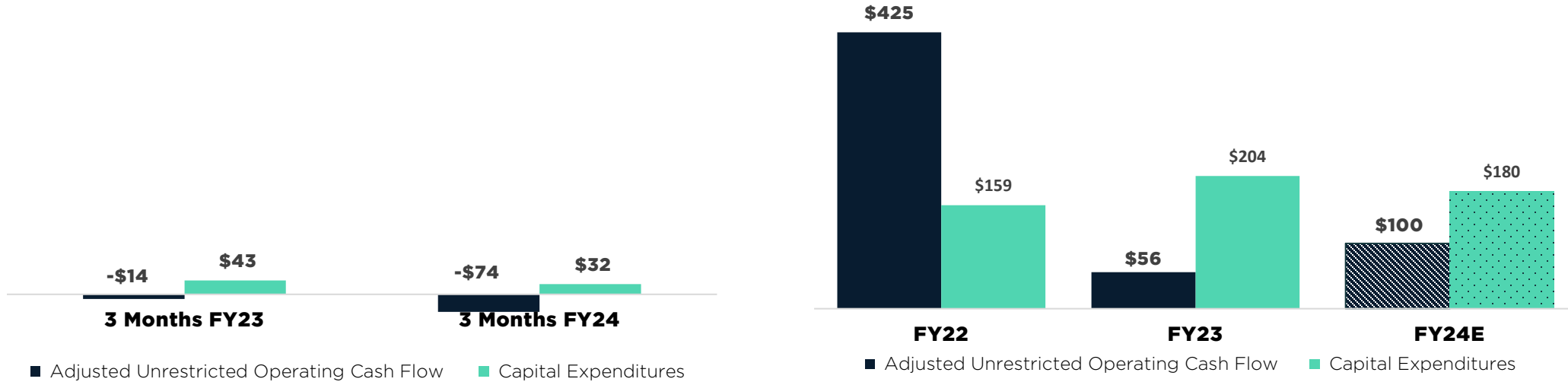
## Net Cash From Operating Activities

\$ in Millions



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

\$ in Millions



<sup>(1)</sup> 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 2024 GUIDANCE: GAAP

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

	FY 2024 REVISED GUIDANCE	PRIOR GUIDANCE
<b>GAAP Net Revenue</b>	\$5,370 TO \$5,470	NO CHANGE
<b>Operating Expenses</b>	\$3,383 TO \$3,403	PREVIOUSLY: \$3,386 TO \$3,406
<b>GAAP Net Loss</b>	\$(545) TO \$(501)	PREVIOUSLY: \$(518) TO \$(477)
<b>GAAP EPS</b>	\$(3.20) TO \$(2.95)	PREVIOUSLY: \$(3.05) TO \$(2.80)

**Note:** GAAP results are expected to be impacted amortization of acquired intangibles, business acquisition costs, and the devaluation of the Turkish Lira against the U.S. Dollar

# FY 2024 GUIDANCE: SELECT FINANCIAL DATA

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

	FY 2024 CURRENT GUIDANCE	FY 2024 PRIOR GUIDANCE
	(\$ IN MILLIONS)	(\$ IN MILLIONS)
<b>Net Bookings</b>	\$5,450 TO \$5,550	NO CHANGE
<b>Recurrent Consumer Spending Growth (RCS)</b>	+5% YOY	NO CHANGE
<b>Non-GAAP Adjusted Unrestricted Operating Cash Flow</b>	APPROXIMATELY \$100	NO CHANGE
<b>Digitally-Delivered Net Bookings (% of Net Bookings)</b>	96%	-
<b>Digitally-Delivered Console Game Sales (% of Net Bookings)</b>	77%	-

	Fiscal Year Ending March 31, 2024				
	Outlook <sup>(1)</sup>	Change in deferred net revenue and related cost of revenue	Stock-based compensation	Amortization of acquired intangibles	Business acquisition and other <sup>(1)</sup>
<i>\$ in millions except for per share amounts</i>					
<b>GAAP</b>					
Total net revenue	\$5,370 to \$5,470	\$80			
Cost of revenue	\$2,521 to \$2,548	\$17	\$(18)	\$(744)	\$10
Operating expenses	\$3,383 to \$3,403		\$(303)	\$(115)	\$(35)
Interest and other, net	\$119				\$(14)
(Loss) income before income taxes	\$(653) to \$(600)	\$63	\$321	\$859	\$39
Net loss	\$(545) to \$(501)				
Net loss per share	\$(3.20) to \$(2.95)				
Net cash provided by operating activities	approximately \$90				
Capital expenditures	approximately \$180				
<b>Non-GAAP</b>					
EBITDA	\$413 to \$466	\$63	\$321		\$25
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 170.0 million
- Share count used to calculate management reporting diluted net income per share is expected to be 171.9 million

<sup>(1)</sup> Other includes adjustments for (i) the revaluation of the Turkish Lira against the U.S. Dollar, (ii) business reorganization expenses, and (iii) a net gain on fair value adjustments related to certain equity investments.

- Our business is performing well, and we are reiterating our Net bookings outlook range of \$5.45 billion to \$5.55 billion
- We continue to forecast RCS growth of 5% vs. fiscal 2023. Mobile trends are projected to remain stable, with Zynga's ad business continuing to grow
- As we approach our expected significant inflection point in fiscal 2025, our teams continue to make excellent progress advancing our development pipeline and capitalizing on our revenue-driven opportunities and synergies
- Our teams are working together to maintain our focus on efficiency amidst the current backdrop



(3) 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.



# Q2 FY2024 GUIDANCE: GAAP

## Q2 FISCAL 2024 GUIDANCE (\$ in millions, except EPS)

	<b>Q2 FY24 GUIDANCE</b>
<b>GAAP Net Revenue</b>	\$1,260 TO \$1,310
<b>Operating Expenses</b>	\$811 TO \$821
<b>GAAP Net Loss</b>	\$(170) TO \$(153)
<b>GAAP EPS</b>	\$(1.00) TO \$(0.90)

**Note:** GAAP results are expected to be impacted by amortization of acquired intangibles

# Q2 FY2024 GUIDANCE: SELECT FINANCIAL DATA

## Q2 FISCAL 2024 GUIDANCE (\$ in millions, except EPS)

### Q2 FY2024 GUIDANCE (\$ IN MILLIONS)

**Net Bookings** \$1,400 TO \$1,450

**Recurrent Consumer Spending Growth (RCS)** -7% YOY

**Digitally-Delivered Net Bookings (% of Net Bookings)** 96%

**Digitally-Delivered Console Game Sales (% of Net Bookings)** 77%

\$ in millions except for per share amounts	Three Months Ending September 30, 2023				
	Outlook <sup>(1)</sup>	Change in deferred net revenue and related cost of revenue	Stock-based compensation	Amortization of intangible assets	Business acquisition
<b>GAAP</b>					
Total net revenue	\$1,260 to \$1,310	\$140			
Cost of revenue	\$630 to \$650	\$16	\$(4)	\$(186)	
Operating expenses	\$811 to \$821		\$(78)	\$(18)	
Interest and other, net	\$29				\$(1)
(Loss) income before income taxes	\$(213) to \$(192)	\$124	\$82	\$204	\$1
Net loss	\$(170) to \$(153)				
Net loss per share	\$(1.00) to \$(0.90)				
<b>Non-GAAP</b>					
EBITDA	\$43 to \$64	\$124	\$82		
<b>Operational metric</b>					
Net Bookings	\$1,400 to \$1,450				

- Management reporting tax rate anticipated to be 18%
- Share count used to calculate GAAP net loss per share is expected to be 169.9 million
- Share count used to calculate management reporting diluted net income per share is expected to be 171.7 million
- We expect to deliver Net Bookings of \$1.400 billion to \$1.450 billion
- Our release slate for the quarter includes *Red Dead Redemption* and *Undead Nightmare* for Switch and PS4, and *NBA 2K24*
- Largest contributors to Net Bookings expected to be *NBA 2K*, *Grand Theft Auto Online* and *Grand Theft Auto V*, our hyper-casual mobile portfolio, *Empires & Puzzles*, *Toon Blast*, *Words With Friends*, *Merge Dragons*, *Red Dead Redemption 2* and *Red Dead Online* and *Zynga Poker*
- We project RCS of -7%, which assumes modest declines in our mobile business; *NBA 2K*, driven by changes to its summer promotional cadence; and *Grand Theft Auto Online*; as well as a reduction in DLC revenue from several titles that were released in prior years



(3) 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

	FY 2024 - FY 2026*	TITLES OFFICIALLY ANNOUNCED TO-DATE
Immersive Core	17	<ul style="list-style-type: none"> <li>• <i>NBA 2K24</i> (2K) - Launching September 8, 2023</li> <li>• <i>WWE 2K24</i> (2K) - Launching Fiscal 2024</li> <li>• <i>Judas</i> (Ghost Story Games) - TBA</li> </ul>
Independent	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>• Title planned from partnership with Weta Workshop</li> <li>• Title planned from partnership with Game Freak</li> </ul>
Mobile** (Currently scheduled for worldwide launch)	18	<ul style="list-style-type: none"> <li>• <i>Star Wars Hunters</i> (Zynga) - Planned for worldwide launch in Fiscal 2024</li> <li>• <i>Top Troops</i> (Zynga) - Planned for worldwide launch in Fiscal 2024</li> <li>• <i>Grand Theft Auto: The Trilogy - The Definitive Edition</i> (Rockstar Games)</li> </ul>
Mid-Core	4	<ul style="list-style-type: none"> <li>• <i>LEGO 2K Drive</i> (2K) - Launched May 19, 2023</li> </ul>
New Iterations of Previously Released Titles	6	<ul style="list-style-type: none"> <li>• <i>Red Dead Redemption</i> and <i>Undead Nightmare</i> for Switch and PS4 - Launching August 17, 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)

	Three Months Ended June 30,	
	2023	2022
<b>Net cash from operating activities</b>	\$ 5.0	\$ 100.8
Net change in Restricted cash <sup>(1)</sup>	(78.8)	(115.2)
<b>Adjusted Unrestricted Operating Cash Flow</b>	<b>\$ (73.8)</b>	<b>\$ (14.4)</b>
	Three Months Ended June 30,	
	2023	2022
Restricted cash beginning of period	\$ 407.2	\$ 463.3
Restricted cash end of period	484.9	643.7
Restricted cash related to acquisitions	1.1	(65.2)
<sup>(1)</sup> Net change in Restricted cash	<b>\$ (78.8)</b>	<b>\$ (115.2)</b>

# RECONCILIATION OF GAAP TO NON-GAAP MEASURE

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

(in millions)

	Three Months Ended June 30,	
	2023	2022
Net loss	\$ (206.0)	\$ (104.0)
Benefit from income taxes	(22.9)	(2.3)
Interest expense (income)	12.6	24.8
Depreciation and amortization	40.4	22.3
Amortization of acquired intangibles	240.4	111.4
EBITDA	<u>\$ 64.5</u>	<u>\$ 52.2</u>

# 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	\$(545) to \$(501)
Benefit from income taxes	\$(108) to \$(99)
Interest expense	\$98
Depreciation	\$109
Amortization of acquired intangibles	\$859
EBITDA	\$413 to \$466

### Outlook

	<b>Three Months Ended September 30, 2023</b>
Net loss	\$(170) to \$(153)
Benefit from income taxes	\$(43) to \$(39)
Interest expense	\$28
Depreciation	\$25
Amortization of acquired intangibles	\$203
EBITDA	\$43 to \$64





**THANK YOU**