



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

THIRD QUARTER FISCAL 2023 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 combination with 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.

Q3 FY2023 RESULTS SUMMARY: GAAP

FINANCIAL SUMMARY (\$ in millions, except EPS)

Q3

	ACTUAL	GUIDANCE
GAAP Net Revenue	\$1,408	\$1,430 TO \$1,480
Operating Expenses	\$889	\$897 TO \$907
GAAP Net Income	\$(153)	\$(160) TO \$(142)
GAAP EPS	\$(0.91)	\$(0.95) TO \$(0.85)

Note: GAAP results were impacted by amortization of acquired intangibles and business acquisition costs

Q3 FY2023 RESULTS SUMMARY: SELECT MANAGEMENT RESULTS

SELECT FINANCIAL DATA (\$ in millions)

	Q3	
	ACTUAL	GUIDANCE
Net Bookings	\$1,383	\$1,410 TO \$1,460
Recurrent Consumer Spending Growth (RCS)	+117%	+125%
Digitally-Delivered Net Bookings Growth	+72%	+80%

- Net Bookings were \$1.38 billion, which was slightly below our prior guidance
- We believe that consumers displayed more cautionary purchasing behaviors during the Holiday season. As in prior periods of economic headwinds, full game sales from our catalog of industry-leading intellectual properties were relatively resilient. However, we felt pressure on some of our newer releases that are in earlier stages of building their player base, alongside softness in recurrent consumer spending
- RCS rose 117%. Zynga's in-app purchases performed in line with our revised expectations; however, this was offset by weakness in RCS for several of our console and PC games
- We ended the quarter with over \$1.1 billion in cash and short-term investments and paid down \$200 million of revolver borrowings, reducing our debt to \$3.1 billion

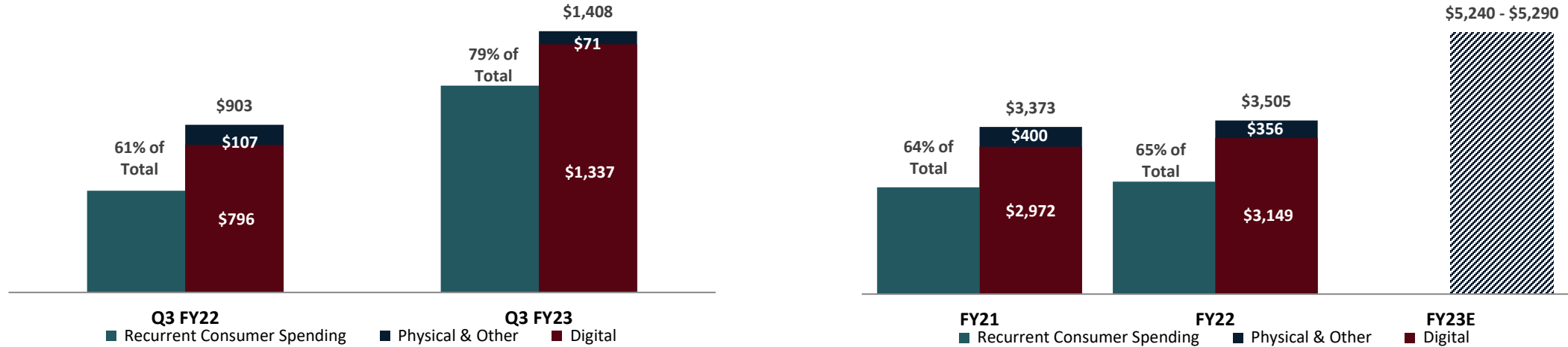
Note: Results from last year did not include Zynga business.



NET REVENUE & NET BOOKINGS

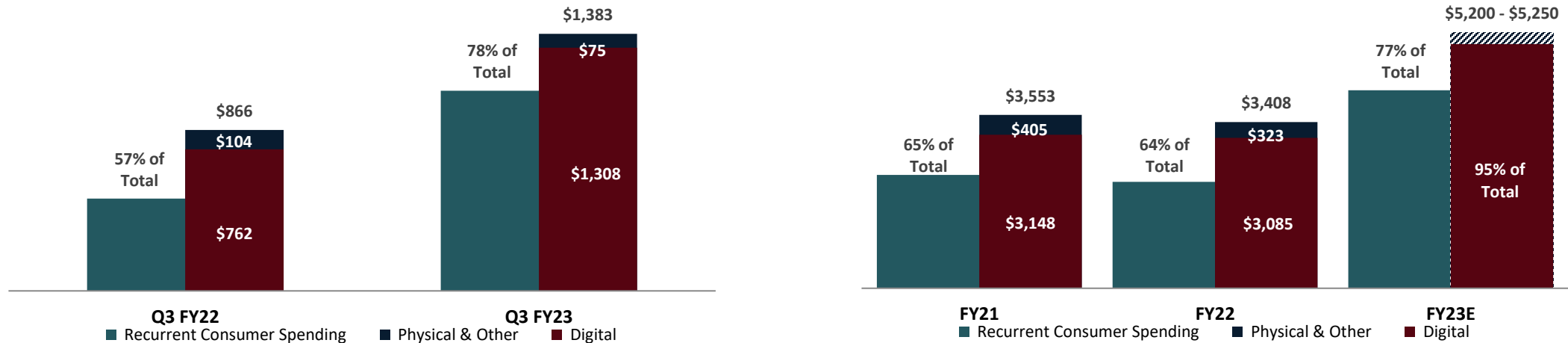
GAAP Net Revenue

\$ in Millions



Net Bookings (Operational Metric)

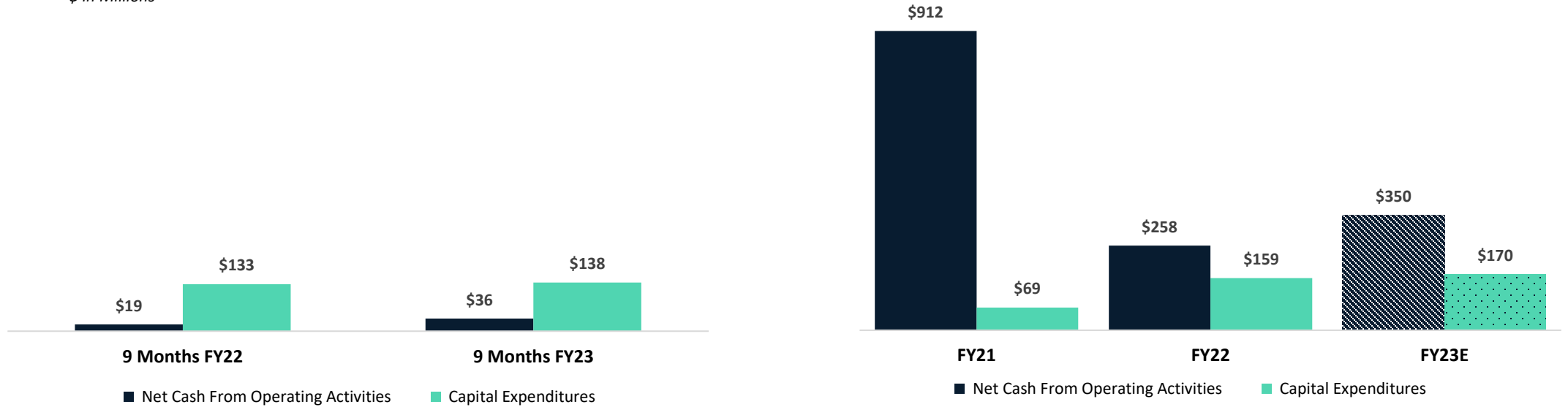
\$ in Millions



CASH FLOW

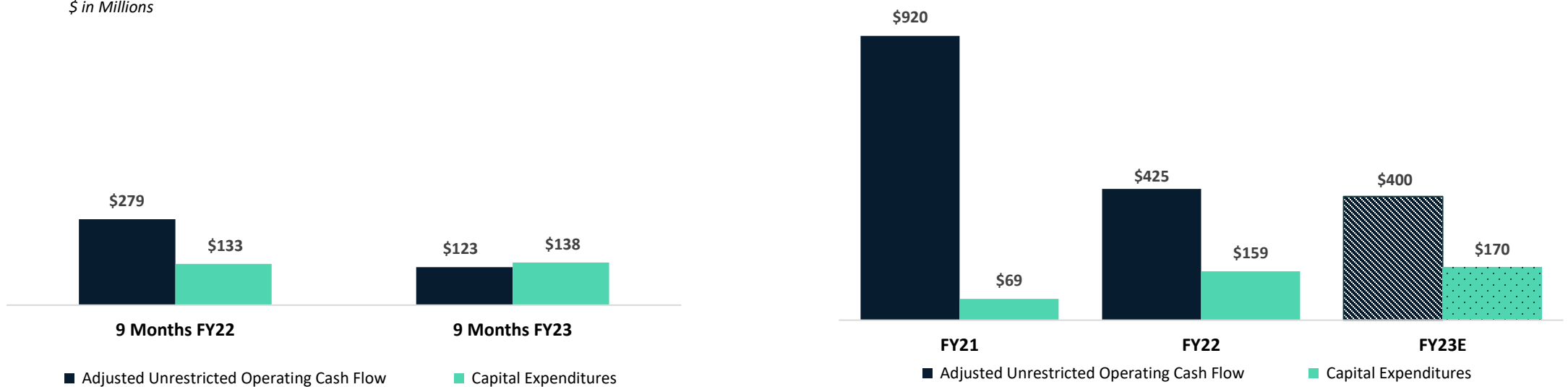
Net Cash From Operating Activities

\$ 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 2023 GUIDANCE:
GAAP

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

	FY 2023 REVISED GUIDANCE	PRIOR GUIDANCE
GAAP Net Revenue	\$5,240 TO \$5,290	PREVIOUSLY: \$5,410 TO \$5,510
Operating Expenses	\$3,396 TO \$3,406	PREVIOUSLY: \$3,398 TO \$3,418
GAAP Net Loss	\$(721) TO \$(704)	PREVIOUSLY: \$(674) TO \$(631)
GAAP EPS	\$(4.50) TO \$(4.40)	PREVIOUSLY: \$(4.22) TO \$(3.95)

FY 2023 GUIDANCE: SELECT FINANCIAL DATA

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

	FY 2023 REVISED GUIDANCE (\$ IN MILLIONS)	FY 2023 PRIOR GUIDANCE (\$ IN MILLIONS)
Net Bookings	\$5,200 TO \$5,250	\$5,400 TO \$5,500
Recurrent Consumer Spending Growth (RCS)	+85% YOY	+90% YOY
Digitally-Delivered Net Bookings Growth	+60% YOY	+70% YOY
Non-GAAP Adjusted Unrestricted Operating Cash Flow	OVER \$400	OVER \$650

	Twelve Months Ending March 31, 2023					
	Financial Data					
\$ in millions	Outlook ⁽³⁾	Change in deferred net revenue and related cost of revenue	Stock-based compensation	Loss on long-term investments, net	Amortization of acquired intangibles	Business acquisition
GAAP						
Total net revenue	\$5,240 to \$5,290	\$(40)				
Cost of revenue	\$2,530 to \$2,549	\$10			\$(694)	
Operating expenses	\$3,396 to \$3,406		\$(346)		\$(332)	\$(153)
Interest and other, net	\$174	\$(1)		\$(49)		\$(14)
(Loss) income before income taxes	\$(860) to \$(839)	\$(49)	\$357	\$49	\$1,026	\$167
Non-GAAP						
EBITDA	\$386 to \$406	\$(50)	\$357	\$49		\$153

- We expect to deliver Net Bookings of \$5.2 to \$5.25 billion, which takes into account the current economic environment and consumer purchasing trends we have been experiencing and we expect to continue into Q4, including lower RCS and softer expectations for some of our recent game releases, as well as the shift of an unannounced mobile title and a focus on enhanced profitability for our hyper-casual business
- We have embarked on a cost reduction program that we believe can deliver over \$50 million of annual savings, which we will begin to execute on this quarter. Opportunities include personnel, processes, infrastructure, and other areas, particularly in our publishing and corporate functions. This is in addition to the \$100+ million of annual cost synergies that we expect to realize from our combination with Zynga, and is not expected to impact the delivery of our robust multi-year pipeline
- We continue to expect to deliver sequential growth in Fiscal 2024 and achieve record levels of performance in the next few 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.

Q4 FY2023 GUIDANCE: GAAP

Q4 FISCAL 2023 GUIDANCE (\$ in millions, except EPS)

	<u>Q4 FY23 GUIDANCE</u>
GAAP Net Revenue	\$1,336 TO \$1,386
Operating Expenses	\$871 TO \$881
GAAP Net Loss	\$(214) TO \$(197)
GAAP EPS	\$(1.27) TO \$(1.17)

Note: GAAP results are expected to be impacted by amortization of acquired intangibles and business acquisition costs

Q4 FY2023 GUIDANCE: SELECT FINANCIAL DATA

Q4 FISCAL 2023 GUIDANCE (\$ in millions, except EPS)

Q4 FY2023 GUIDANCE (\$ IN MILLIONS)

Net Bookings	\$1,310 TO \$1,360
Recurrent Consumer Spending Growth (RCS)	+105% YOY
Digitally-Delivered Net Bookings Growth	+70% YOY

\$ in millions	Three Months Ending March 31, 2023				
	Outlook ⁽³⁾	Change in deferred net revenue and related cost of revenue	Stock-based compensation	Amortization of intangible assets	Business acquisition
GAAP					
Total net revenue	\$1,336 to \$1,386	\$(26)			
Cost of revenue	\$688 to \$708	\$(5)	\$(24)	\$(198)	
Operating expenses	\$871 to \$881		\$(71)	\$(97)	\$(5)
Interest and other, net	\$29				\$(2)
(Loss) income before income taxes	\$(252) to \$(232)	\$(21)	\$95	\$295	\$7
Non-GAAP					
EBITDA	\$102 to \$122	\$(21)	\$95		\$5

- We expect to deliver Net Bookings of \$1.31 billion to \$1.36 billion
- The largest contributors to Net Bookings are expected to be *NBA 2K*, *Grand Theft Auto Online* and *Grand Theft Auto V*, *Empires and Puzzles*, *Toon Blast*, Rollic's hyper-casual mobile portfolio, and *WWE 2K23*



(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.

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) – Launched June 10, 2022 (Fiscal 2023) • <i>NBA 2K23</i> (2K) – Launched September 9, 2022 (Fiscal 2023) • <i>PGA TOUR2K23</i> (2K) – Launched October 14, 2022 (Fiscal 2023) • <i>Marvel’s Midnight Suns</i> (2K) – Launched December 2, 2022 (Fiscal 2023) (PS5, Xbox Series X/S, PC); TBA (PS4, Xbox One, Switch) • <i>Kerbal Space Program 2</i> (Private Division) – Early Access Launching February 24, 2023 for PC (Fiscal 2023) • <i>WWE 2K23</i> (2K) – Launching March 17, 2023 • <i>Judas</i> (Ghost Story Games) – TBA
Independent	10	<ul style="list-style-type: none"> • <i>Rollerdrome</i> (Private Division) – Launched August 16, 2022 (Fiscal 2023) • <i>After Us</i> (Private Division) – Launching Spring 2023 (Fiscal 2024)
Mobile** (Titles in development & soft launch)	38	<ul style="list-style-type: none"> • <i>Grand Theft Auto: The Trilogy – The Definitive Edition</i> (Rockstar Games) • Several Zynga titles in soft-launch, including <i>Star Wars Hunters</i>
Mid-Core	7	<ul style="list-style-type: none"> • <i>New Tales from the Borderlands</i> (2K) – Launched October 21, 2022 (Fiscal 2023)
New Iterations of Previously Released Titles	8	



* FY23-25 release estimates provided as of May 16, 2022; however, mobile titles have been updated on August 8, 2022 to reflect Zynga. Full updated FY24/25 pipeline details to be given with Q4 FY2023 results.

** Mobile count excludes Rollic’s portfolio of hypercasual 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

IMMERSIVE CORE

Titles that have the deepest gameplay and the most hours of content. Examples include our key sports franchises (e.g. *PGA TOUR2K* 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.

NON-GAAP FINANCIAL MEASURE

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. The Company has chosen to report EBITDA in light of the combination with Zynga, including the related debt financing. 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)

	Nine Months Ended December 31,	
	2022	2021
Net cash from operating activities	\$ 35.8	\$ 19.0
Net change in Restricted cash ⁽¹⁾	87.1	259.7
Adjusted Unrestricted Operating Cash Flow	<u>\$ 122.9</u>	<u>\$ 278.7</u>
	Nine Months Ended December 31,	
	2022	2021
Restricted cash beginning of period	\$ 463.3	\$ 637.4
Restricted cash end of period	441.4	370.5
Restricted cash related to acquisitions	(65.2)	7.1
⁽¹⁾ Net change in Restricted cash	<u>\$ 87.1</u>	<u>\$ 259.7</u>

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 December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
Net (loss) income	\$ (153.4)	\$ 144.6	\$ (514.4)	\$ 307.1
(Benefit from) provision for income taxes	(46.7)	7.6	(93.1)	36.5
Interest expense (income)	22.5	(1.0)	72.1	(3.2)
Depreciation and amortization	35.0	16.0	86.0	44.6
Amortization of acquired intangibles	290.4	12.5	714.1	47.0
EBITDA	\$ 147.8	\$ 179.8	\$ 264.6	\$ 432.0

RECONCILIATION OF GAAP TO NON-GAAP MEASURE

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

(in millions)

Outlook

	Twelve Months Ending March 31, 2023
Net loss	\$(721) to \$(704)
Benefit from income taxes	\$(138) to \$(135)
Interest expense	\$100
Depreciation	\$119
Amortization of acquired intangibles	\$1,026
EBITDA	\$386 to \$406

Outlook

	Three Months Ending March 31, 2023
Net loss	\$(214) to \$(197)
Benefit from income taxes	\$(38) to \$(35)
Interest expense	\$28
Depreciation	\$32
Amortization of acquired intangibles	\$294
EBITDA	\$102 to \$122



THANK YOU