

Take-Two Interactive Software, Inc.

Q4 about inline and solid FY23 outlook. Zynga acquisition complete and should drive strong growth. Lowering P/T to \$160.

COMPANY UPDATE

Rating: BUY

Ticker: TTWO

Price: \$127.95

Target: \$160.00
(from \$172)

Q4 about inline: Take-Two recently (on May 16) reported its fiscal Q4 2022 (ending March) results. Revenue was \$846 million (+8% y-o-y), compared to our estimate of \$880 million and consensus of \$884 million. Pro forma EPS was \$1.09, compared to our estimate of \$0.93 and consensus of \$1.04. Q4 guidance was for revenue of \$808 - 858 million, and for EPS of \$0.78 - 0.88.

More solid results: The company reported another solid quarter as it continues to benefit from people playing more video games even as economies are reopened. Digitally-delivered revenue was \$766 million (91% of revenues), led by *NBA 2K*, *GTA Online* and *GTA V*; *RDR 2* and *Red Dead Online*; mobile games; and new releases *Tiny Tina's Wonderlands* and *WWE 2K22*. *NBA 2K22* (launched in Q2 FY22) has sold in 10 million units to-date.

GTA and RDR2 games continue to sell well: Take-Two's blockbuster game *GTA V* (released 9/2013) has sold-in 165 million units to date and continues to sell really well. *Red Dead Redemption 2* (released 10/2018) has sold-in 44 million units so far. *GTA Online* and *Red Dead Online* also continues to perform very well.

Solid FY23 guidance: Management provided initial FY23 guidance for revenue of \$3.75 - 3.85 billion, and for EPS of \$4.20 - 4.45. Initial Q1 guidance is for revenue of \$700 - 750 million, and for EPS of \$0.60 - 0.70. We note that guidance does not include Zynga as the company will provide updated combined guidance next quarter. Our estimates for now do not include Zynga as well.

Adjusting estimates: We are adjusting our FY23 estimates for revenue to \$3.85 billion, from \$3.70 billion, and for EPS to \$4.46 from \$6.15.

Zynga acquisition positive: In January, Take-Two announced that it will acquire Zynga for ~\$9.86 per share (\$3.50 in cash and ~\$6.36 in shares of Take-Two common stock) implying an enterprise value of \$12.7 billion. This deal is expected to close in Q1 FY23. Zynga is a leading social and mobile game publisher with ~2,200 employees and over ~\$2 billion in annual revenue. This deal closed on May 23, 2022 (a week after it reported Q4 results).

FY23 outlook conservative: We believe that while FY23 EPS guidance is lower than FY22's results, it is conservative and the company will likely exceed them just like it has the past several years. We believe that the strong momentum for its games will continue through the end of the pandemic and economies reopening in FY23. We believe that initial combined guidance for Take-Two and Zynga will be very strong when provided next quarter.

We remain positive: We believe it is likely that continued strong growth in digital (along with its higher profitability), contribution from its Zynga acquisition, and continued strength with *NBA 2K*, *RDR2*, *GTA* and *GTA Online* will help drive FY23 results.

Expect share price growth: With synergies from its Zynga acquisition, strong growth expected in digital, key games expected for over the next several years, and continued positive console transition cycle, we believe a favorable valuation is likely to drive growth in share price.

Current valuation attractive: Maintaining our BUY rating, but lowering our 12-month price target to \$160 from \$172, which reflects a target P/E of 32x our FY24 EPS estimate of \$5.00, which is above the peer group median to reflect its higher comparable near term growth rate.

Company Description

Based in New York, Take-Two Interactive Software is a global publisher of interactive entertainment software including the Grand Theft Auto games.

Stock Data

Exchange:	NasdaqGS
52-week Range:	\$101.85-195.83
Shares Outstanding (million):	117
Market cap (\$million):	\$14,970
EV (\$million):	\$12,058
Debt (\$million):	\$0
Cash (\$million):	\$2,912
Avg. Daily Trading Vol. (\$million):	\$358
Float (million shares):	102
Short Interest (million shares):	12
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2023E</u> (Cur.)	<u>2023E</u> (Old)	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)
Q1 Jun	750E	679E	754E	
Q2 Sep	759E		834E	
Q3 Dec	1,622E	1,542E	1,617E	
Q4 Mar	<u>721E</u>		<u>796E</u>	
Total	3,851E	3,700E	4,000E	
EV/Rev	3.1x		3.0x	

Earnings per Share (pro forma)

	<u>2023E</u> (Cur.)	<u>2023E</u> (Old)	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)
Q1 Jun	0.74E	0.72E	0.61E	
Q2 Sep	0.23E	1.01E	0.69E	
Q3 Dec	3.37E	3.65E	3.20E	
Q4 Mar	<u>0.12E</u>	<u>0.77E</u>	<u>0.50E</u>	
Total	\$4.46E	\$6.15E	\$5.00E	
P/E	29x		26x	

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 12.

OVERVIEW

- Take-Two recently (on May 16) reported its fiscal Q4 2022 (ending March) results.
- Revenue was \$846 million (+8% y-o-y), compared to our estimate of \$880 million and consensus of \$884 million.
- Pro forma EPS was \$1.09, compared to our estimate of \$0.93 and consensus of \$1.04.
- Q4 guidance was for revenue of \$808 - 858 million, and for EPS of \$0.78 – 0.88.
- Management provided initial FY23 guidance for revenue of \$3.75 – 3.85 billion, and for EPS of \$4.20 – 4.45.
- Initial Q1 guidance is for revenue of \$700 - 750 million, and for EPS of \$0.60 – 0.70.
- We note that guidance does not include Zynga as the company will provide updated combined guidance next quarter. Our estimates for now do not include Zynga as well.
- We are adjusting our FY23 estimates for revenue to \$3.85 billion, from \$3.70 billion, and for EPS to \$4.46 from \$6.15.
- We are initiating our FY24 estimates for revenue of \$4.00 billion, and for EPS of \$5.00.

ADDITIONAL DETAILS

- Gross profit for the quarter was \$494 million, compared with our estimate of \$383 million.
- Gross margin for the quarter was 58%, versus 60% last year and our estimate of 44%.
- Operating expenses were \$343 million, compared with our estimate of \$247 million.
- Operating income was \$151 million, compared with our estimate of \$136 million.
- Pro forma net income was \$127 million, compared with our estimate of \$109 million.

In June 2021, Take-Two acquired mobile games developer NordeusWed for ~\$378 million in cash, stock, and potential earn-out. NordeusWed's top games are its *Top Eleven* soccer management game with over 240 million registered users. NordeusWed has 180 employees and is based in Belgrade, Serbia.

In July 2021, Take-Two acquired privately-held Dynamixyz, a world-class leader in video-based facial animation services. Terms were not disclosed.

In January, Take-Two announced that it will acquire Zynga for ~\$9.86 per share (\$3.50 in cash and ~\$6.36 in shares of Take-Two common stock) implying an enterprise value of \$12.7 billion. This deal is expected to close in Q1 FY23. Zynga is a leading social and mobile game publisher with ~2,200 employees and over ~\$2 billion in annual revenue. The deal closed in May 2022.

The company's balance sheet remains strong with \$2.9 billion in cash and no debt (~\$25/share in cash), compared with \$2.7 billion in cash and no debt as of December. In April, Take-Two raised \$2.7 billion to finance its Zynga acquisition (\$2.7 billion in Senior Notes consisting of \$1.0 billion of its 3.300% Senior Notes due 2024, \$600 million of its 3.550% Senior Notes due 2025, \$600 million of its 3.700% Senior Notes due 2027, and \$500 million of its 4.000% Senior Notes due 2032).

Exhibit 1: Take-Two's Acquisition of Zynga (announced January 2022, completed May 2022)

Transaction Unifies Two of the Leading Interactive Entertainment Businesses in the World

T2

Take-Two possesses some of the most successful franchises in interactive entertainment while bringing expertise in console/PC that can be applied to cross-promote content to users in Zynga's ecosystem.



zynga

Zynga is a market-leading, diversified mobile platform. Its leadership team has a proven track record of execution and the ability to drive further scale through M&A, cross-platform gameplay, increased advertising revenue through hyper-casual titles, blockchain integration, and direct payments.

Combination Overview

Combination to form one of the largest and most compelling portfolios of intellectual properties in the sector, while also benefiting from scale, diversification, synergies and new revenue opportunities.

T2

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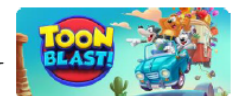
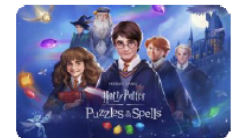
Take-Two + Zynga Form a Leader in Interactive Entertainment

T2



- ✓ Take-Two possesses some of the most successful franchises in interactive entertainment
- ✓ Expertise in console/PC can be applied to Zynga's cross-play ambitions, helping cross-sell users across the combined ecosystem
- ✓ Take-Two's extensive player database can enhance mobile initiatives

zynga



- ✓ Zynga's free-to-play mobile development talent & expertise can be leveraged across Take-Two's blockbuster original IPs
- ✓ Zynga's leading publishing and analytics platform can drive synergies across the combined mobile portfolio
- ✓ Zynga's renowned portfolio of diverse mobile titles significantly increase Take-Two's sources of Recurrent Consumer Spending

- Combined entity will feature an industry-defining portfolio of IP
- Diversified Net Bookings base, with over half of the combined business coming from mobile in FY23
- Zynga's highly skilled and proven management team, led by CEO Frank Gibeau and Zynga's President of Publishing, Bernard Kim, will drive the strategic direction for Take-Two's mobile efforts

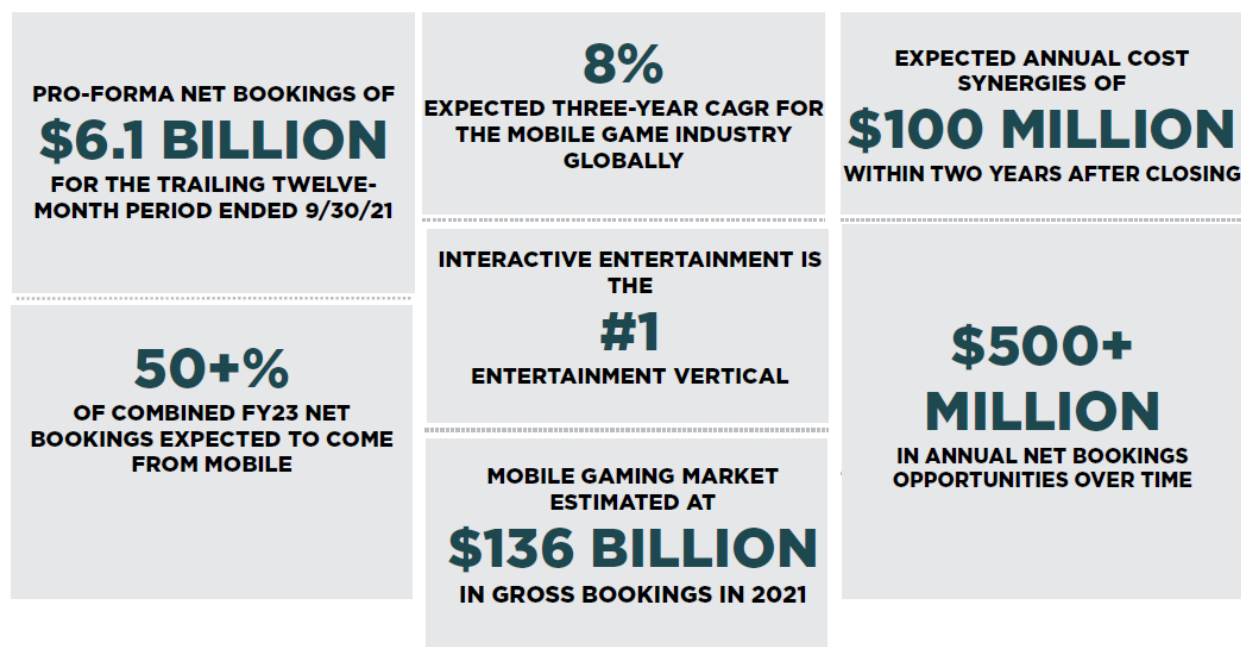
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Source: Company report.

Exhibit 2: Take-Two/Zynga Acquisition Details

Benefits of the Transaction

Both groups of stockholders will benefit from the combined company's greater scale, enhanced financial profile, and synergies created through the transaction



Terms of the Acquisition

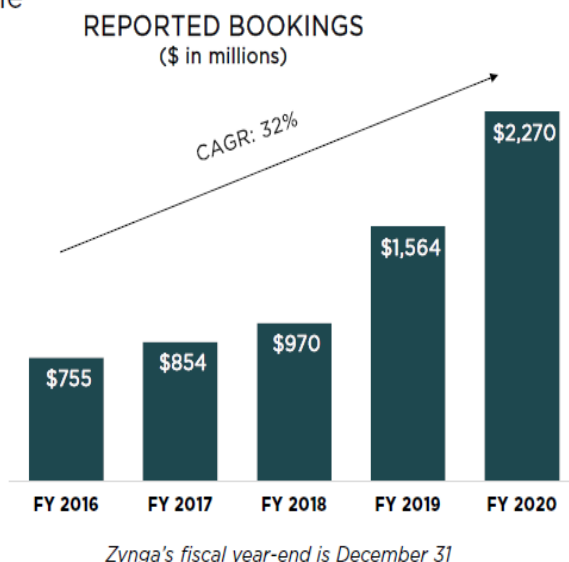
TERMS	<ul style="list-style-type: none"> Take-Two to acquire all outstanding shares of Zynga in a cash and stock transaction valued at \$9.86 per Zynga share¹ Implied total enterprise value of approximately \$12.7 billion Zynga stockholders will receive \$3.50 in cash and \$6.36¹ in shares of Take-Two common stock for each share of Zynga common stock outstanding at the closing of the transaction The purchase price represents a premium of 64% to Zynga's closing share price on January 7th
FINANCING	<ul style="list-style-type: none"> Take-Two has received committed financing of \$2.7 billion Company intends to fund cash component of transaction with cash from its balance sheet and proceeds from new debt issuance
MANAGEMENT & BOARD	<ul style="list-style-type: none"> Zynga's leadership team, including Frank Gibeau, CEO and Bernard Kim, President of Publishing will lead the combined company's mobile studios Take-Two agreed to expand its Board of Directors to 10 members upon closing of the transaction and will add two members from Zynga's Board of Directors
CLOSING/ APPROVALS	<ul style="list-style-type: none"> Expected to be completed in Take-Two's 1QFY2023, ending 6/30/22 Subject to the approval of both Take-Two and Zynga shareholders and the satisfaction of customary closing conditions Terms of the agreement include a 45-day "go-shop" provision

Source: Company report.

Exhibit 3: Zynga Overview

Zynga Company Overview

- Pioneer in social gaming and a leading mobile game publisher
- Highly creative and deeply experienced management team
- Approximately 2,200 of the industry's top creative talent in free-to-play mobile games
- Diverse portfolio of highly-engaging, top-grossing games
- Approximately 183 million mobile MAU
- Successful execution of M&A



ESTABLISHED PORTFOLIO ON A GROWING PLATFORM



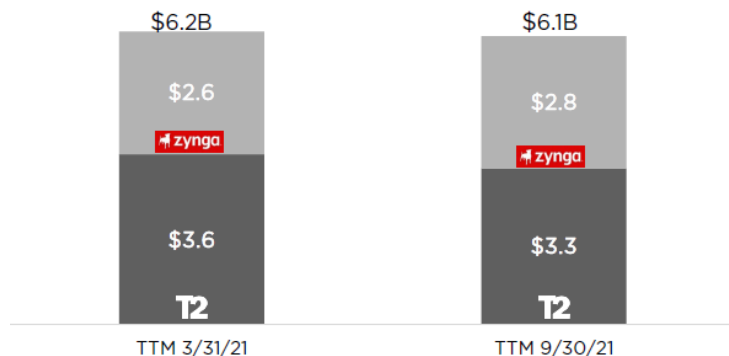
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Source: Company report.

Exhibit 4: Take-Two/Zynga Pro Forma Financial Projections

Pro Forma Financials and Expected Growth Rates

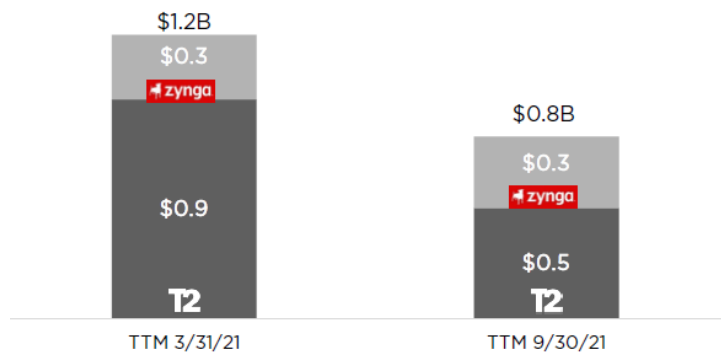
NET BOOKINGS



COMBINED COMPANY EXPECTED GROWTH CAGR*

+14%
FY21A - FY24E
(excluding any Net Bookings opportunities and any future acquisitions)

ADJUSTED UNRESTRICTED OPERATING CASH FLOW*



+13%
FY21A - FY24E
(excluding any Net Bookings opportunities and any future acquisitions; including cost synergies)

Adjusted Unrestricted Operating Cash Flow is defined as GAAP net cash from operating activities, adjusted for changes in restricted cash

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Source: Company report.

Exhibit 5: Take-Two Game Development Pipeline (as of May 2022)

FY23-FY25 Pipeline Details

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

Source: Company report.

Exhibit 6: Take-Two Interactive Software Stock Price (Five Years)



Source: <https://bigcharts.marketwatch.com/>

Exhibit 7: Consensus Expectations (as of May 16, 2022)

	Revenue (millions)			EPS	
	2022E	2023E		2022E	2023E
Q1 Jun	\$711A	\$793E	Q1 Jun	\$1.01A	\$0.96E
Q2 Sep	\$985A		Q2 Sep	\$1.63A	
Q3 Dec	\$866A		Q3 Dec	\$1.32A	
Q4 Mar	\$884E		Q4 Mar	\$1.04E	
Total	\$3,448E	\$4,101E	Total	\$4.94E	\$6.12E

*Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.

Source: Company report, Refinitiv, and Ascendant Capital Markets estimates

FINANCIAL MODEL

Take-Two Interactive Software Inc.

Income Statement (\$ millions)	Jun-20	Sep-20	Dec-20	Mar-21	2021	Jun-21	Sep-21	Dec-21	Mar-22	2022	Jun-22	Sep-22	Dec-22	Mar-23	2023	Jun-23	Sep-23	Dec-23	Mar-24	2024
Fiscal Year End: March 31	1QA	2QA	3QA	4QA	FY-A	1QA	2QA	3QA	4QA	FY-A	1QE	2QE	3QE	4QE	FY-E	1QE	2QE	3QE	4QE	FY-E
Net Sales	996	958	814	785	3,553	711	985	866	846	3,408	750	759	1,622	721	3,851	754	834	1,617	796	4,000
Product costs	54	70	71	41	236	42	68	76	55	240	170	151	345	169	835	171	181	347	179	878
Royalties & Licenses	241	217	200	212	870	196	246	234	197	873	165	165	250	140	720	126	125	210	120	581
Software development costs	148	135	65	63	411	61	127	24	100	312	80	120	130	120	450	120	120	150	120	510
Total Cost of Sales	443	422	337	315	1,517	299	441	334	352	1,425	415	436	725	429	2,005	417	426	707	419	1,969
Gross Profits	553	535	478	469	2,036	413	544	533	494	1,984	335	323	897	292	1,846	337	408	910	377	2,031
Research and development costs	65	65	76	78	284	79	87	102	95	363	70	80	130	80	360	70	80	134	85	369
Selling and marketing	80	109	134	100	423	94	127	127	133	481	80	110	160	100	450	80	110	160	100	450
General and administrative	89	75	80	83	327	85	87	100	99	372	70	90	120	85	365	90	110	150	110	460
Depreciation and amortization	12	14	14	15	55	12	16	16	16	60	8	8	8	8	32	8	8	8	8	32
Stock options and others	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restructuring and other charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses	246	262	304	276	1,088	270	317	345	343	1,275	228	288	418	273	1,207	248	308	452	303	1,311
Income (loss) from operations	307	273	174	194	947	143	227	188	151	708	107	35	479	19	639	89	100	458	74	720
Interest expense (income), net	(7)	(1)	2	0	(6)	2	(0)	5	(1)	5	2	2	2	2	8	2	2	2	2	8
Income (loss) before equity in loss of affiliate and income taxes	314	274	172	193	953	141	227	183	152	703	105	33	477	17	631	87	98	456	72	712
Equity in loss of affiliate and other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Income (loss) before income taxes	314	274	172	193	953	141	227	183	152	703	105	33	477	17	631	87	98	456	72	712
Provision (benefit) for income taxes	50	44	28	31	153	23	36	29	24	112	18	6	81	3	107	15	17	77	12	121
Net income (loss) before extraordinary items	264	230	144	162	801	119	191	154	127	591	87	27	396	14	524	72	81	378	60	591
Net income (loss)	264	230	144	162	801	119	191	154	127	591	87	27	396	14	524	72	81	378	60	591
EBITDA	319	287	187	209	1,002	155	243	203	167	768	115	43	487	27	671	97	108	466	82	752
Basic Shares	114	114	115	115	115	116	116	115	115	115	116	116	116	116	116	116	117	117	117	117
Diluted Shares	115	115	116	116	116	117	117	117	117	117	117	117	117	118	117	118	118	118	118	118
EPS Basic (pro forma)	\$ 2.32	\$ 2.01	\$ 1.26	\$ 1.41	\$ 6.99	\$ 1.03	\$ 1.65	\$ 1.33	\$ 1.10	\$ 5.11	\$ 0.75	\$ 0.23	\$ 3.41	\$ 0.12	\$ 4.52	\$ 0.62	\$ 0.69	\$ 3.24	\$ 0.51	\$ 5.06
EPS Diluted (pro forma)	\$ 2.30	\$ 2.00	\$ 1.24	\$ 1.40	\$ 6.92	\$ 1.01	\$ 1.63	\$ 1.32	\$ 1.09	\$ 5.06	\$ 0.74	\$ 0.23	\$ 3.37	\$ 0.12	\$ 4.46	\$ 0.61	\$ 0.69	\$ 3.20	\$ 0.50	\$ 5.00

Income Statement Ratios

Gross Margin	56%	56%	59%	60%	57%	58%	55%	61%	58%	58%	45%	43%	55%	40%	48%	45%	49%	56%	47%	51%
Research & Development	7%	7%	9%	10%	8%	11%	9%	12%	11%	11%	9%	11%	8%	11%	9%	9%	10%	8%	11%	9%
Selling and marketing	8%	11%	16%	13%	12%	13%	13%	15%	16%	14%	11%	15%	10%	14%	12%	11%	13%	10%	13%	11%
General and administrative	9%	8%	10%	11%	9%	12%	9%	12%	12%	11%	9%	12%	7%	12%	9%	12%	13%	9%	14%	12%
Operating Profit	31%	29%	21%	25%	27%	20%	23%	22%	18%	21%	14%	5%	30%	3%	17%	12%	12%	28%	9%	18%
Net Income	26%	24%	18%	21%	23%	17%	19%	18%	15%	17%	12%	4%	24%	2%	14%	10%	10%	23%	7%	15%
Y/Y % Change																				
Revenue	136%	1%	-8%	8%	19%	-29%	3%	6%	8%	-4%	5%	-23%	87%	-15%	13%	0%	10%	0%	10%	4%
Gross Margin	126%	-1%	-4%	12%	19%	-25%	2%	11%	5%	-3%	-19%	-41%	68%	-41%	-7%	1%	26%	1%	29%	10%
Research & Development	7%	1%	10%	21%	10%	21%	34%	33%	23%	28%	-11%	-8%	28%	-16%	-1%	0%	0%	3%	6%	2%
Selling and marketing	-6%	-25%	1%	32%	-4%	17%	17%	-5%	33%	14%	-15%	-13%	26%	-25%	-6%	0%	0%	0%	0%	0%
General and administrative	46%	19%	14%	17%	24%	-4%	16%	26%	20%	14%	-18%	3%	20%	-14%	-2%	29%	22%	25%	29%	26%
Operating Profit	1051%	6%	-18%	-2%	36%	-53%	-17%	8%	-22%	-25%	-25%	-85%	155%	-87%	-10%	-17%	188%	-4%	291%	13%
Net Income	746%	4%	-22%	-5%	32%	-55%	-17%	6%	-22%	-26%	-27%	-86%	157%	-89%	-11%	-17%	200%	-4%	325%	13%

Source: Company reports and Ascendant Capital Markets estimates

Take-Two Interactive Software Inc.

Balance Sheet (\$ millions) Fiscal Year End: March 31	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
	1QA	2QA	3QA	4QA	1QA	2QA	3QA	4QA	1QE	2QE	3QE	4QE	1QE	2QE	3QE	4QE
ASSETS																
Cash	1,404	1,345	1,650	1,423	1,401	857	987	1,732	1,895	2,008	1,879	2,480	2,476	2,634	2,537	3,159
Short term investments	881	1,041	773	1,309	1,135	1,441	1,479	820	820	820	820	820	820	820	820	820
Restricted cash	468	450	764	539	653	754	267	360	360	360	360	360	360	360	360	360
A/R - net	685	788	581	553	487	804	648	579	333	253	721	240	335	278	719	265
Inventories	19	27	27	18	11	13	12	13	83	87	145	86	83	85	141	84
Software development	32	74	49	43	15	55	48	81	81	81	81	81	81	81	81	81
Prepaid royalties / licenses / COGS	14	15	20	16	11	13	15	12	12	12	12	12	12	12	12	12
Prepaid expenses and other current assets	184	192	297	321	300	307	250	273	273	273	273	273	273	273	273	273
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	3,687	3,932	4,160	4,221	4,014	4,243	3,705	3,871	3,858	3,895	4,292	4,352	4,440	4,543	4,944	5,054
Fixed assets, net	129	133	135	149	225	231	236	242	242	242	242	242	242	242	242	242
Prepaid Royalties / licenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalized software development costs, net	410	403	437	491	607	621	738	756	756	756	756	756	756	756	756	756
Investments	-	290	99	99	103	103	103	103	103	103	103	103	103	103	103	103
Intangibles	47	126	118	122	306	288	274	266	266	266	266	266	266	266	266	266
Goodwill	390	521	535	535	646	663	680	675	675	675	675	675	675	675	675	675
Deferred tax asset	121	118	127	90	78	75	78	74	74	74	74	74	74	74	74	74
Other assets, net	586	313	356	322	335	394	544	559	559	559	559	559	559	559	559	559
TOTAL ASSETS	\$ 5,369	\$ 5,836	\$ 5,966	\$ 6,028	\$ 6,314	\$ 6,619	\$ 6,358	\$ 6,546	\$ 6,533	\$ 6,570	\$ 6,967	\$ 7,027	\$ 7,116	\$ 7,218	\$ 7,619	\$ 7,729
LIABILITIES AND SHAREHOLDERS' EQUITY																
Accounts payable	56	85	100	71	67	83	101	126	-	9	11	57	74	96	118	168
Accrued expenses	1,137	1,149	1,220	1,204	1,242	1,500	1,026	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075
Lines of credit/short term debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	928	1,063	991	928	825	952	911	865	865	865	865	865	865	865	865	865
Other current liabilities (taxes payable and other)	28	29	31	32	31	32	34	39	39	39	39	39	39	39	39	39
Total Current Liabilities	2,149	2,326	2,342	2,235	2,165	2,567	2,072	2,105	1,979	1,989	1,990	2,036	2,053	2,075	2,097	2,148
Note payable, net of current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	33	33	32	37	51	52	68	71	71	71	71	71	71	71	71	71
Other liabilities	537	576	437	424	466	531	552	561	561	561	561	561	561	561	561	561
Total Liabilities	2,718	2,935	2,811	2,696	2,683	3,149	2,692	2,737	2,611	2,620	2,622	2,668	2,684	2,706	2,729	2,779
Preferred Stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common stock	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Additional paid-in capital	2,152	2,285	2,328	2,289	2,418	2,475	2,541	2,597	2,597	2,597	2,597	2,597	2,597	2,597	2,597	2,597
Accumulated other comprehensive loss	(52)	(35)	(6)	(9)	(3)	(20)	(35)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)
Retained earnings	1,371	1,470	1,652	1,871	2,023	2,034	2,178	2,289	2,376	2,403	2,799	2,813	2,885	2,966	3,344	3,403
Treasury stock	(821)	(821)	(821)	(821)	(821)	(1,021)	(1,021)	(1,021)	(1,021)	(1,021)	(1,021)	(1,021)	(1,021)	(1,021)	(1,021)	(1,021)
Other	-	-	-	-	12	-	-	-	26	26	26	26	26	26	26	26
Total Shareholders' Equity	2,651	2,901	3,155	3,332	3,631	3,470	3,666	3,810	3,923	3,950	4,345	4,359	4,431	4,512	4,890	4,950
TOTAL LIABILITIES AND EQUITY	\$ 5,369	\$ 5,836	\$ 5,966	\$ 6,028	\$ 6,314	\$ 6,619	\$ 6,358	\$ 6,546	\$ 6,533	\$ 6,570	\$ 6,967	\$ 7,027	\$ 7,116	\$ 7,218	\$ 7,619	\$ 7,729
Activity Ratios																
A/R Days Sales Outstanding	62	74	64	63	62	74	67	62	40	30	40	30	40	30	40	30
Reserves as a % of Gross A/R	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory turnover	91.0x	62.7x	50.4x	71.1x	103.9x	140.2x	114.2x	106.3x	20.0x	20.0x	20.0x	20.0x	20.0x	20.0x	20.0x	20.0x
A/P Days Payable	11	18	27	20	20	17	27	32	45	40	45	50	45	40	45	50
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$ 23.06	\$ 25.14	\$ 27.17	\$ 28.65	\$ 31.00	\$ 29.71	\$ 31.41	\$ 32.62	\$ 33.53	\$ 33.70	\$ 37.01	\$ 37.07	\$ 37.62	\$ 38.24	\$ 41.37	\$ 41.81
Net Cash per Share (diluted)	\$ 23.94	\$ 24.57	\$ 27.45	\$ 28.12	\$ 27.23	\$ 26.13	\$ 23.42	\$ 24.93	\$ 26.28	\$ 27.20	\$ 26.06	\$ 31.12	\$ 31.03	\$ 32.32	\$ 31.45	\$ 36.64

Source: Company reports and Ascendant Capital Markets estimates

Take-Two Interactive Software Inc.

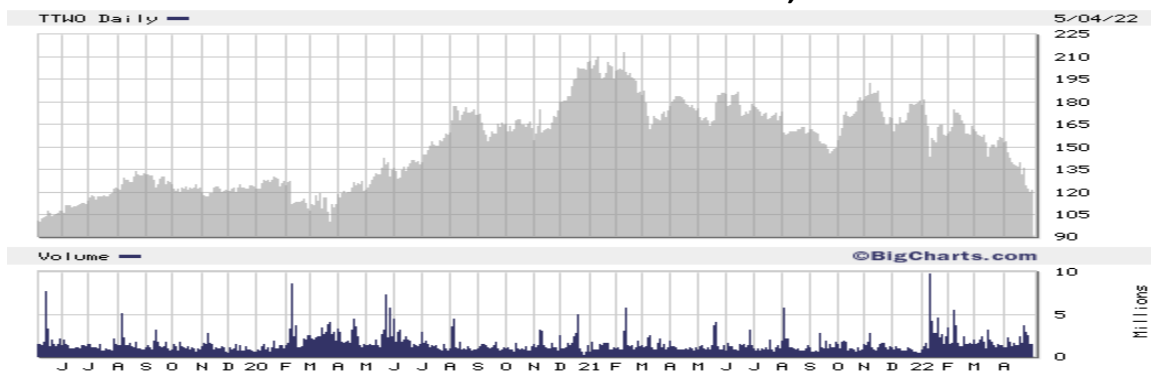
Cash Flow Statement (\$ millions)	Jun-20	Sep-20	Dec-20	Mar-21	2021	Jun-21	Sep-21	Dec-21	Mar-22	2022	Jun-22	Sep-22	Dec-22	Mar-23	2023	Jun-23	Sep-23	Dec-23	Mar-24	2024	
Fiscal Year End: March 31	1QA	2QA	3QA	4QA	FY-A	1QA	2QA	3QA	4QA	FY-A	1QE	2QE	3QE	4QE	FY-E	1QE	2QE	3QE	4QE	FY-E	
Cash flows from operating activities:																					
Net Income	89	99	182	219	589	152	10	144	111	418	87	27	396	14	524	72	81	378	60	591	
Adjustment to reconcile net income (loss) to net cash used:																					
Depreciation and amortization	12	14	150	(88)	89	28	34	(17)	16	61	8	8	8	8	32	8	8	8	8	32	
Loss on impairment of securities					0					0					0					0	
Non-recurring impairment charge					0					0					0					0	
Loss on disposal of fixed assets					0					0					0					0	
Change in deferred tax asset				11	11				8	8					0					0	
Gain on sale of subsidiary				(42)	(42)					0					0					0	
Loss on early extinguishment of debt					0				7	7					0					0	
Foreign currency loss					0					0					0					0	
Equity in loss of affiliate					0					0					0					0	
Recognition of deferred tax asset					0					0					0					0	
Provision for doubtful accounts					0					0	5	5	5	5	20	5	5	5	5	20	
Amortization of software development & licenses	62	42	(104)	144	144	25	71	17	106	218					0					0	
Provision for inventory					0					0					0					0	
Other Charges	(3)	0	(38)	46	6	14	53	54	(6)	115	(5)	(5)	(5)	(5)	(20)	(5)	(5)	(5)	(5)	(20)	
Amortization of various expenses and discounts					0					0					0					0	
Deferred revenue	154	131	(76)	(56)	152	(95)	127	(22)	(42)	(31)					0					0	
Issuance of compensatory stock	53	45	41	(29)	110	49	47	46	40	183	5	5	5	5	20	5	5	5	5	20	
Tax benefit from exercise of stock options					0					0					0					0	
Changes in operating assets and liabilities:																					
Change in restricted cash					0					0					0					0	
Decrease in accounts receivable	(92)	(98)	209	28	47	75	(318)	157	68	(18)	241	75	(473)	476	319	(100)	52	(446)	448	(45)	
(Increase) decrease in inventories	(0)	(7)	1	9	3	6	(1)	1	(2)	4	(70)	(4)	(58)	59	(73)	2	(2)	(56)	58	2	
Increase in prepaid royalties					0					0	0	0	0	0	0	0	0	0	0	0	
Increase in prepaid expenses and other current assets	81	(15)	(115)	(9)	(59)	18	(53)	(88)	(84)	(208)	0	0	0	0	0	0	0	0	0	0	
Increase in capitalized software development	(60)	(62)	(22)	(76)	(221)	(86)	(177)	(113)	(78)	(454)	0	0	0	0	0	0	0	0	0	0	
Increase in other assets, net	5	(5)	0	4	5	5	(2)	(3)	0	0	0	0	0	0	0	0	0	0	0	0	
Increase in accounts payable	144	38	(67)	(36)	79	(42)	343	(441)	94	(46)	(126)	9	1	46	(69)	16	22	22	51	111	
Increase in accrued expenses					0					0	0	0	0	0	0	0	0	0	0	0	
Increase in due to/from related parties					0					0	0	0	0	0	0	0	0	0	0	0	
Decrease in other liabilities					0			0	(0)	0	0	0	0	0	0	0	0	0	0	0	
Decrease in other current liabilities					0					0	0	0	0	0	0	0	0	0	0	0	
Net cash provided by operating activities	445	181	161	125	912	148	135	(265)	239	258	146	121	(121)	608	754	4	166	(88)	629	711	
Cash flows from investing activities:																					
Purchase of fixed assets	(9)	(16)	(15)	(29)	(69)	(86)	(25)	(22)	(25)	(159)	(8)	(8)	(8)	(8)	(32)	(8)	(8)	(8)	(8)	(32)	
Proceeds from the sale of fixed assets					0					0					0					0	
Cash restricted for letter of credit					0					0					0					0	
Cash paid for investments	(232)	(170)	281	(545)	(666)	170	(312)	(49)	661	471	0	0	0	0	0	0	0	0	0	0	
Investment in affiliates, other					0					0					0					0	
Acquisitions, net cash paid	(7)	(69)	(4)	8	(72)	(98)	(34)	(26)	(16)	(174)	0	0	0	0	0	0	0	0	0	0	
Cash paid for prior acquisitions					0			1	(0)	1	0	0	0	0	0	0	0	0	0	0	
Net cash used in investing activities	(247)	(255)	262	(566)	(807)	(14)	(370)	(96)	619	139	(8)	(8)	(8)	(8)	(32)	(8)	(8)	(8)	(8)	(32)	
Cash flows from financing activities:																					
Proceeds from private placement, net	7		8	(0)	14	9		10	(0)	0	0	0	0	0	0	0	0	0	0	0	
Net borrowings under lines of credit					0					0					0					0	
Proceeds from loan payable					0					0					0					0	
Repayments of loan payable					0		(0)	(0)	(12)	(12)	0	0	0	0	0	0	0	0	0	0	
Proceeds from notes payable					0					0	0	0	0	0	0	0	0	0	0	0	
Proceeds from minority interest					0					0	0	0	0	0	0	0	0	0	0	0	
Proceeds from the exercise of stock options	(39)	(10)	(12)	(11)	(72)	(48)	(5)	(6)	(5)	(64)	0	0	0	0	0	0	0	0	0	0	
Repayment of capital lease obligation					0					0	0	0	0	0	0	0	0	0	0	0	
Dividends to preferred stockholders					0					0	0	0	0	0	0	0	0	0	0	0	
Share buyback					0					0	0	0	0	0	0	0	0	0	0	0	
Tax benefit from exercise of stock options					0		(200)			(200)	0	0	0	0	0	0	0	0	0	0	
Net cash provided by financing activities	(32)	(10)	(5)	(11)	(57)	(39)	(205)	5	(17)	(257)	0	0	0	0	0	0	0	0	0	0	
Effect of foreign exchange rates	2	7	10	(0)	19	2	(3)	(2)	(3)	(5)					0					0	
Net Increase (Decrease) in Cash	168	(76)	428	(453)	67	97	(443)	(358)	838	135	138	113	(129)	600	722	(4)	158	(96)	621	679	
Cash at beginning of period	1,556	1,724	1,647	2,075	1,556	1,623	1,720	1,277	920	1,623	1,758	1,895	2,008	1,879	1,758	2,480	2,476	2,634	2,537	2,480	
Cash at end of period	1,724	1,647	2,075	1,623	1,623	1,720	1,277	920	1,758	1,758	1,895	2,008	1,879	2,480	2,480	2,476	2,634	2,537	3,159	3,159	

Source: Company reports and Ascendant Capital Markets estimates

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Take-Two Interactive Software, Inc.



Source: <https://bigcharts.marketwatch.com/>

Report	Report Date	Rating	Price Target
38	2/8/2018	B	132.00
39	5/17/2018	B	128.00
40	8/3/2018	B	148.00
41	11/8/2018	B	150.00
42	2/7/2019	B	120.00
43	5/14/2019	B	123.00
44	8/6/2019	B	144.00
45	11/13/2019	B	146.00
46	2/9/2020	B	139.00
47	6/3/2020	B	154.00
48	8/10/2020	B	200.00
49	12/7/2020	B	220.00
50	2/21/2021	B	228.00
51	6/20/2021	B	216.00
52	9/13/2021	B	198.00
53	1/9/2022	B	191.00
54	4/13/2022	B	172.00

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Risks to attainment of our share price target include changes in demand for the company's products, changes to game release timing, competition, piracy of software, and weaker macroeconomic factors.

Ascendant Capital Markets, LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Rating System

Prior to January 31, 2014, ASCM used the following rating system:

Strong Buy: We expect the stock to provide a total return of 30% or more within a 12-month period.

Buy: We expect the stock to provide a total return of between 10% and 30% within a 12-month period.

Neutral: We expect the stock to provide a total return of between minus 10% and plus 10% within a 12-month period.

Sell: We expect the stock to provide a total return of minus 10% or worse within a 12-month period.

Speculative Buy: This rating is reserved for companies we believe have tremendous potential, but whose stocks are illiquid or whose equity market capitalizations are very small, often in the definition of a nano cap (below \$50 million in market cap). In general, for stocks ranked in this category, we expect the stock to provide a total return of 50% or more within a 12-month period. However, because of the illiquid nature of the stock's trading and/or the nano cap nature of the investment, we caution that these investments may not be suitable for all parties.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of April 17, 2022)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	41	98%	13	32%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	42	100%	13	31%

Other Important Disclosures

Our analysts use various valuation methodologies including discounted cash flow, price/earnings (P/E), enterprise value/EBITDAS, and P/E to growth rate, among others. Risks to our price targets include failure to achieve financial results, product risk, regulatory risk, general market conditions, and the risk of a change in economic conditions.

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